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Weekly Reports November - December 1999 [December 11, 1999 Sean Maloney]

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December 11, 1999

MR. PRESIDENT:

Attached are the following weekly reports:

- (A) **Weekly Economic Briefing**
- (B) **Update on Global Markets/Interest Rates and Stock Prices**
- (C) **CEQ**
- (D) **Environmental Initiatives**
- (E) **OSTP**
- (F) **Intergovernmental**
- (G) **Cabinet Affairs**
- (H) **Communications**
- (I) **Public Liaison**
- (J) **Race Initiative**
- (K) **Special Envoy for the Americas/Columbia Trip Report**
- (L) **Political Affairs**

Sean Maloney

A

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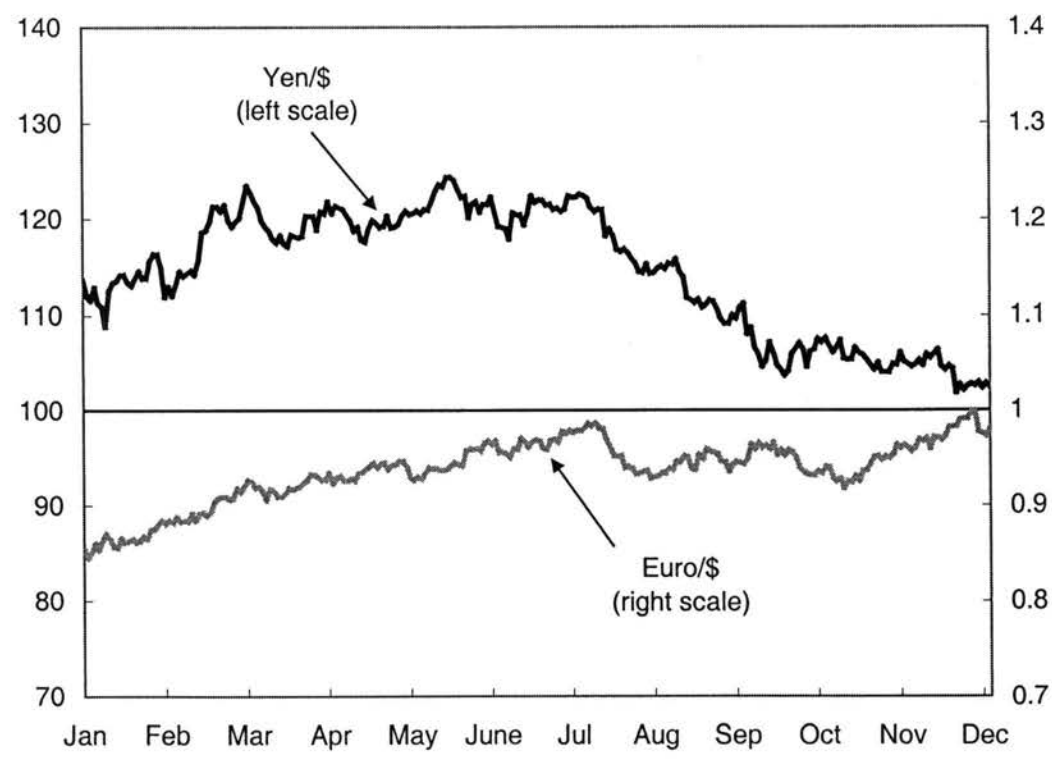
WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

December 10, 1999

CHART OF THE WEEK

Convergence of Exchange Rates in 1999



The euro is nearly at parity with the dollar while the yen is nearly at parity with the penny.

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CURRENT DEVELOPMENT

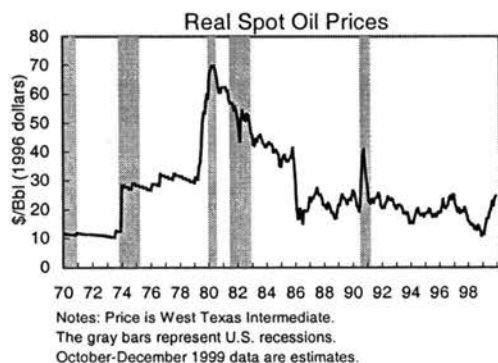
Have Oil Prices Reached their Peak?

At the end of last year, real oil prices hit their lowest point in over 25 years. Since then, rising demand and falling supply have pushed crude oil prices back up. As of yesterday, the price stood at \$26 per barrel for West Texas Intermediate crude oil. Prices of refined products, like gasoline, have followed the same general trend. A key issue for the United States economy in the next year is whether oil prices have peaked or whether further increases are expected.

Supply. One of the reasons for the increase in oil prices is a reduction in supply. After oil prices fell below \$12 a barrel at the end of last year, the major OPEC countries agreed to production targets to limit the supply of oil and thereby increase the price. Analysts generally believe that the major OPEC countries have stuck to the agreed upon limits. In addition, Iraq cut off oil exports in November, reportedly to protest a shortening of the renewal period of the "Oil-for-Food" program from 6 months to 2 weeks.

Demand. Shifts in demand have also influenced oil prices. The Asian crisis and slow world growth dampened demand for oil last year. Since then, economic recoveries in Asia and in parts of Europe have combined with the booming U.S. economy to push up world oil demand this year. In addition, there is some anecdotal evidence of stock building of oil and refined products in preparation for possible Y2K-related disruptions. Demand is expected to remain strong next year.

Outlook. Futures prices for oil imply that markets expect oil prices will fall next year. Two factors support this view. First, most Administration experts agree that the New Year will not generate widespread disruptions in the flow of oil.



Moreover, Mexico, Venezuela, and Saudi Arabia recently announced that they would make up any Y2K-related shortfalls. Second, there are reasons to suspect that OPEC desires lower prices than those seen today. High oil prices encourage non-OPEC high-cost suppliers to increase production, cutting into OPEC's profits. In addition, high prices threaten the integrity of the cartel by making

production in excess of agreed upon targets more profitable.

Interestingly, none of the Blue Chip forecasters expect that rising oil prices will seriously threaten the current economic expansion, despite the experiences of the 1970s and early 1990s when oil price hikes were associated with economic downturns (see chart). This view seems justified because, relative to overall

prices, the price of oil is much lower today than the peaks reached in the 1970s and the early 1990s. Unlike past oil price increases, this one was preceded by a decline in oil prices. Moreover, the energy intensity of the economy has fallen steadily for the last 50 years, suggesting that the U.S. economy may be less vulnerable to oil price shocks. Arguably, only a precipitous spike in oil prices would pose a significant risk to the economy.

ARTICLE

A Closer Look at Skill-Biased Technical Change

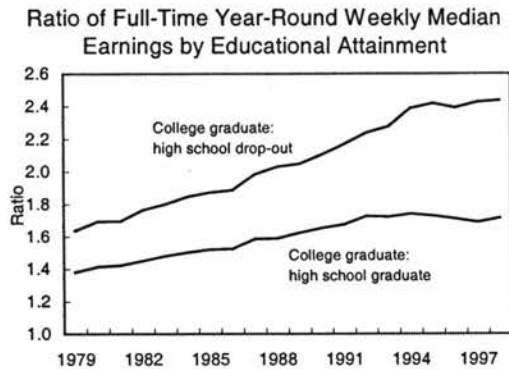
One common explanation for the increase in wage inequality in the United States from 1979 to the early 1990s is technical progress that has shifted labor demand toward more highly skilled workers relative to the less skilled—so called “skill-biased technical change.” Research is beginning to provide insights into how information technology (IT) affects the workplace and the demand for skills.

Findings. Case studies of individual firms have shown how companies use IT to change the way they conduct business. These studies find that successful IT investment is often coupled with changes in business strategy and organizational structure. A recent study provides broad supporting evidence based on survey data on about 400 large U.S. firms during the mid-1980s to the mid-1990s. The two key findings are:

- IT interacts with organizational structure and worker skills. Controlling for industry and firm size, firms that invest more in computer equipment also tend to have a decentralized workplace organization (including broader job responsibilities for line workers, more decentralized decisionmaking, or more self-managing teams) and employ higher-skilled or more educated workers. One reason for combining IT and a decentralized workplace may be that IT can put greater information in the hands of front-line workers who may be better able to make day-to-day decisions than upper-level managers. This increased role for front-line workers in turn may raise the importance of skills and education for job performance.
- These interactions affect productivity. Firms with high levels of IT investment, workplace decentralization, and more highly skilled workers tend to have higher productivity than those with lower levels. Moreover, firms that use IT intensively without instituting organizational changes often experience little if any productivity gains. This helps explain the apparent lag (during the 1980s and early 1990s) in the effect of IT on productivity in the United States, since it has taken time for firms to redesign their organizations to take advantage of their IT investments.

Other evidence. Trends in the economy over the last 25 years dovetail with the case-study and firm-level evidence. Impressive advances in the underlying science and engineering of IT have increased the capabilities and reduced the costs of this technology. As a result, real investments in IT have grown at double-digit rates for several decades. Meanwhile, decentralized workplaces appear to have become more common. The skill levels of the work force have also been rising, at least according to measures such as the proportion of college graduates in the work force. Until 1994, the demand for more educated workers outpaced supply, raising the wages of more-skilled workers relative to less-skilled workers (see chart). Earnings growth since 1994 has been much more evenly distributed.

Implications and conclusion. Based on evidence from large firms, IT and IT-enabled organizational change appear to be important factors in raising the demand for skilled workers. Of course, IT can reduce the demand for skills in some cases. For example, computer-assisted scanning devices for final sales or



inventory control may require lower average skills by retail clerks, and an automated teller machine may completely replace a bank teller. Nonetheless, it seems apparent that new technology and organizational change are making the acquisition of education and skills increasingly important for getting and keeping well-paying jobs. This highlights the importance of ensuring that students

learn the basic skills needed in the information economy: higher-level math, reading, and writing skills, personal skills such as the ability to work effectively in groups, and a knowledge of computers.

ARTICLE

Saving the Planet while Cutting Taxes

The Administration has proposed a domestic greenhouse gas tradable permit program for 2008 to 2012 subject to the ratification of the Kyoto Protocol. Recent analysis indicates that how the program is implemented will affect energy company shareholders and taxpayers, and could also affect the costs to society of achieving the Kyoto target.

Effects of the tradable permit program on energy prices. Implementing a tradable permit program would require industries covered by the program to restrict their greenhouse gas emissions to comply with the Kyoto Protocol emissions target. Abating greenhouse gas emissions involves costs associated with investing in new technologies, fuel-switching, and other ways to reduce emissions. As the energy sector becomes more competitive over the next decade, the costs of controlling emissions will be reflected in consumer prices. For example, the Administration's economic analysis of the Kyoto Protocol found that a tradable permit price of \$23 per ton of carbon would increase energy prices to consumers by about 5 percent in 2010, but this increase could be largely offset through the implementation of the Administration's electricity restructuring proposal.

To "grandfather" or to auction? A key question in implementing a tradable permit system is the allocation of permits. For example, the government could give away permits to firms ("grandfathering"); alternatively, the government could sell permits to firms through auctions. Importantly, the price of energy paid by consumers is likely to be the same in either case. Permits will be scarce, and the price of energy will reflect the cost of buying a permit or taking abatement measures regardless of how the permits were originally distributed. Producers who receive free permits will be like owners of particularly low-cost oil wells when oil prices go up: they will sell at the market price and reap windfall profits. In contrast, an auction allows the government to capture the value of the permits, because competition should lead companies to bid away almost the full value of any potential windfall profits from owning the permits.

Grandfathering would result in the giving away of permits valued in the tens to hundreds of billions of dollars annually. Because these firms can pass on most of the cost of reducing emissions to consumers, the grandfathering of permits would provide these firms with significant windfall profits, and allow them to enjoy higher profits under climate policy than without climate policy. However, if the government sells permits it would receive revenues in the tens to hundreds of billions of dollars annually. While energy firms would have lower profits under an auction, the permit revenues could be recycled back into the economy through tax cuts. Recent research has found that such revenue recycling could reduce the costs to society resulting from the use of greenhouse gas permits by up to 80 percent.

Effects of permit allocation on energy industries. One paper evaluated the effects of grandfathering and auctioning on energy industries. Giving away permits to energy industries would significantly increase equity values while selling permits would lower equity values. An alternative is to follow a hybrid approach that combines elements of grandfathering and auctions. It is estimated that grandfathering 5 to 15 percent of the permits to energy firms while auctioning the remaining permits would be sufficient to ensure that these firms' equity values would be the same under climate policy as they would be without climate policy. Furthermore, since most of the permits would be auctioned, such an approach would still provide significant revenues to the government.

Conclusion. The type of permit allocation does not affect energy prices. It can however, significantly influence the impact of climate policies on energy industries as well as the costs to society. A hybrid system of grandfathering and auctioning permits could preserve energy industries' profits and equity values while providing sufficient government revenues to finance tax cuts or for other purposes.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Midwest Feels the Heat of a Strong Economy. After suffering from a weak labor market during the 1970s to early 1990s, labor market conditions in the Midwest have improved significantly. In fact, the Midwest's unemployment rate (3.4 percent in October of this year) has been the lowest among the four regions for every month since April 1991. As a result, business executives in the Midwest report that their most difficult problem is "finding good help at current wage offers." A recent study by the Federal Reserve Bank of Chicago suggests that the region's tight labor market will continue. One reason the study cites is slow work force growth caused by continued net-migration out of the Midwest. Another reason is the region's strong economy, which has propelled growth in labor demand, particularly for workers with high levels of education and skills. The study mentions possible public policy responses including encouraging migration to the region, improving education and training, continued welfare-to-work efforts, improving access to transportation and information about jobs for inner-city residents, and encouraging businesses to move to the central cities, where labor markets are typically not as tight.

The Gains from Telecommuting. In May 1997, more than 21 million Americans did some work at home as part of their primary job, according to a recent report. Lower prices and expanding access to mobile phones, laptops, e-mail, and the Internet have made it easier for people to work at home. The report finds that telecommuting provides benefits both to employees and businesses. Workplace flexibility reduces time spent commuting and may help workers balance work and family responsibilities. Not surprisingly, working parents take advantage of telecommuting more than childless workers; in fact, married women with children under the age of 6 had the highest home work rate at nearly 24 percent. Evidently, employers find that offering the option of telecommuting is a way to attract and retain employees and reduce absenteeism. In a 1998 study of large companies, 33 percent allowed employees to work off-site on a regular basis and another 14 percent said they were considering it.

Beige Book Reports Continued Growth. Reports from most Federal Reserve Districts indicated continued moderate to strong economic growth in October and November. Consumer spending picked up over the Thanksgiving weekend, after being hampered by warm weather earlier in November. Manufacturing activity continued to advance in most Districts. Commercial real estate markets remained strong in most parts of the country. Home sales have slipped. Agricultural conditions were mixed, and low prices persist for grains and some other commodities. Oil and gas drilling has increased. Bank lending has declined for residential mortgages but risen for consumer loans. Labor markets remain tight in all Districts. The pace of wage and salary increases did not appear to be accelerating generally, although there were some reports of larger recent salary increases in some industries and regions. Prices appear to be mostly steady at the retail level. Although prices of industrial goods were reported to be mostly steady in a majority of Districts, prices of some goods have been on the rise.

INTERNATIONAL ROUNDUP

€1 = \$1 = ¥100? Last week, the yen soared to its strongest level against the dollar in 4 years despite interventions by the Japanese government, while the euro tumbled to its weakest level since its introduction at the beginning of the year, briefly dropping below parity with the dollar. Economic statistics released this week may help curb these trends in the yen and the euro. After growing soundly in the first half of the year, the Japanese economy contracted at an annual rate of nearly 4 percent in the third quarter, according to data released on Monday. Indicators suggest that the outlook for the fourth quarter is similarly dismal, which should dampen upward pressure on the yen. Turning to the euro, unemployment and other indicators released this week indicated improved economic prospects in Germany, suggesting a brighter outlook for the Euro-region. The euro has climbed back above parity and is currently at around \$1.02.

New Alliance to Produce Global Framework for E-business. The United Nations and the world's leading computer and software companies have joined together to unify technical standards for the exchange of electronic business information, a move that may revolutionize business on the Web. Currently, most Web documents are stored and transmitted in a computer language known as HTML (Hypertext Markup Language). HTML is easy to learn and is adequate for simple data display, but it limits the types of information that can be represented. A new, more sophisticated language known as XML (Extensible Markup Language) holds the promise of broadening how the Internet can be used. For example, standardized XML specifications would allow an emergency room physician to transfer a wider variety of patient records from distant hospitals into a local database. The public-private alliance aims to create a single global XML standard so that firms in different industries can exchange electronic business data, thereby lowering the barrier of entry to electronic business, particularly with respect to small and medium-size enterprises and developing countries.

Better Ways to Cut Pollution. Developing countries are cutting industrial pollution by combining the power of local communities, markets, and the media to police discharges from private companies, according to a recent World Bank report. The report argues that controlling pollution through traditional regulations entails high enforcement costs and often yields disappointing results. The report presents evidence suggesting that market incentives and public information may provide much better outcomes. Seven highly populated regions in Colombia, for example, instituted a system that charges a flat levy for every ton of specified pollutants discharged into the nation's waterways. In the first 6 months of the plan, discharges of biochemical oxygen demand (BOD) into the Rio Negro River fell 52 percent, and discharges of total suspended solids fell 16 percent. The Indonesian PROPER program, in which regulators publish ratings of plants based on their environmental performance, provides an example of the power of public information disclosure. In an 18-month period, PROPER induced the pilot group of factories to reduce their water pollution by 40 percent.

RELEASES THIS WEEK

Producer Price Index

****Embargoed until 8:30 a.m., Friday, December 10, 1999****

The producer price index for finished goods rose 0.2 percent in November. Excluding food and energy, producer prices were unchanged.

Productivity

Nonfarm business productivity rose 4.9 percent at an annual rate in the third quarter. Manufacturing productivity rose 3.9 percent.

MAJOR RELEASES NEXT WEEK

Consumer Prices (Tuesday) ✓

Retail Sales (Tuesday) ✓

Industrial Production and Capacity Utilization (Wednesday) ✓

U.S. International Trade in Goods and Services (Thursday) ✓

Housing Starts (Friday) ✓

U.S. ECONOMIC STATISTICS

	1970- 1993	1998	1999:1	1999:2	1999:3
Percent growth (annual rate)					
Real GDP (chain-type)	3.0	4.6	3.7	1.9	5.5
GDP chain-type price index	5.2	1.1	2.0	1.3	1.1
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.7	3.1	2.7	0.6	4.9
Real compensation per hour:					
Using CPI	1.0	3.9	2.8	1.2	2.1
Using NFB deflator	1.5	4.7	2.9	2.9	4.4
Shares of Nominal GDP (percent)					
Business fixed investment	11.4	12.5	12.6	12.6	12.8
Residential investment	4.5	4.2	4.4	4.5	4.4
Exports	8.2	11.0	10.7	10.7	10.9
Imports	9.2	12.7	12.9	13.4	13.8
Personal saving	6.6	2.6	2.2	1.8	1.5
Federal surplus	-2.8	0.5	1.1	1.3	1.4
	1970- 1993	1998	September 1999	October 1999	November 1999
Unemployment Rate (percent)	6.7**	4.5**	4.2	4.1	4.1
Payroll employment (thousands)					
increase per month			103	263	234
increase since Jan. 1993					20043
Inflation (percent per period)					
CPI	5.8	1.6	0.4	0.2	N.A.
PPI-Finished goods	5.0	0.0	1.1	-0.1	0.2

**Figures beginning 1994 are not comparable with earlier data.

New or revised data in **boldface**.

PPI data **embargoed until 8:30 a.m., Friday, December 10, 1999.**

FINANCIAL STATISTICS

	1997	1998	October 1999	November 1999	Dec. 9, 1999
Dow-Jones Industrial Average	7441	8626	10397	10810	11135
Interest Rates (percent per annum)					
3-month T-bill	5.06	4.78	4.86	5.07	5.10
10-year T-bond	6.35	5.26	6.11	6.03	6.14
Mortgage rate, 30-year fixed	7.60	6.94	7.85	7.74	7.84
Prime rate	8.44	8.35	8.25	8.37	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level December 9, 1999	Percent Change from	
		Week ago	Year ago
Euro (in U.S. dollars)	1.016	1.4	N.A.
Yen (per U.S. dollar)	102.6	-0.1	-13.1
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	93.05	-0.8	0.1

International Comparisons ^{1/}	Real GDP growth (percent change last 4 quarters)	Unemployment rate (percent)	CPI inflation (percent change in index last 12 months)
United States	4.2 (Q3)	4.1 (Nov)	2.6 (Oct)
Canada	4.2 (Q3)	7.2 (Oct)	2.3 (Oct)
Japan	1.0 (Q3)	4.7 (Oct)	-0.7 (Oct)
France	3.0 (Q3)	11.0 (Sep)	0.8 (Oct)
Germany	1.2 (Q3)	9.0 (Oct) ^{2/}	0.8 (Oct)
Italy	0.8 (Q2)	12.1 (Apr)	1.8 (Oct)
United Kingdom	1.8 (Q3)	5.9 (Aug)	1.2 (Oct)

1/ For unemployment data, rates approximating U.S. concepts as calculated by the U.S. Department of Labor, Bureau of Labor Statistics.

2/ Rate for unified Germany.

B



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

99 DEC 10 PM8:48

SECRETARY OF THE TREASURY

December 10, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Lawrence H. Summers *LHS*
SUBJECT: Update on Global Markets
The Week Ending December 10, 1999

Global markets were relatively quiet this week. There's a gradual increase in optimism about growth prospects generally, combined with a slight reduction in concern about inflation in the United States. Confidence in prospects for emerging market economies continues to improve, though there are a number of pockets of distress and risk remaining.

- Strong growth numbers in Europe helped the euro recover a bit against the dollar, ending the week a bit above parity at 101.3/\$. Euro-area unemployment dropped below 10 percent for the first time in ten years. The recovery in the Euro brought European interest rates down a significant 10 to 20 basis points.
- The markets remain quite concerned, however, about the apparent weakening of the political commitment in Germany and France to the reforms in the investment environment and labor markets that most observers consider essential to creating a more durable recovery.
- Japan also saw stronger growth numbers this week, including an increase in machinery orders and household spending. Interest rates rose, as the central bank started to sound a more confident tone. The yen was flat on the week. The markets there seem less concerned about the potential risks associated with the yen's appreciation than does the Finance Ministry.
- Confidence in the prospects of emerging market economies continues to improve. The interest rate premiums they have to pay above U.S. Treasuries have fallen significantly over the past year, and are now at the lowest levels since the drama of August 1998. Capital flows to emerging market economies have started to return on a significant scale, though they are still well below the exceptionally high levels that prevailed in 1997 before the Asian crisis began. Stronger growth in the G-7, the broad increase in commodity prices, and the reduction in interest rates in the U.S. and Europe have helped reinforce the impact of domestic reforms.

Weekly Market Indicators for the Week Ending:
December 10, 1999

2:07 PM

Major International Markets						
Changes are Friday to Friday						
	Exchange Rates		Index	Equities		Ten-Year Government Bond Yields
	Level	% change		Level	% change	% BP change
Japan	Y 102.32/\$	-0.3%	Nikkei	18271.85	-0.5%	1.76 -3
Euro	\$1.0136/EUR	-1.1%				
Euro-yen	\$103.7400/EUR	0.7%				
Germany			Xetra-Dax	6097.90	-0.3%	4.97 -17
U.K.			FT-SE 100	6739.50	0.0%	5.10 -29
France			CAC-40	5481.10	0.2%	5.07 -18
Italy			MIB 30	38482	3.7%	5.18 -18

^ U.S. dollar depreciation/appreciation

Emerging Markets						
	Exchange Rates		Index	Equities		Emerging Market Sov. Bond Spread*
	Level per USD	% change (local ccy)		Level	% change	BP BP change
Korea	1133	1.5%	Kospi	1018	5.3%	167 -11
Indonesia	7210	0.7%	JSE	634	3.3%	516 -12
Thailand	38.63	0.8%	SET	420	1.3%	165 -7
Hong Kong	7.7735	0.0%	Hang Seng	16380	3.4%	121 -5
Brazil	1.8630	0.8%	Bovespa	14704	2.0%	622 -22
Argentina	0.9990	0.0%	Merval	559	-0.2%	557 15
Mexico	9.398	0.5%	Bolsa	6762	4.5%	309 -22
Russia	26.9201	-0.5%	RTS	108	-9.0%	1671 31
India	43.475	-0.2%	Bombay SE	4788	1.6%	n/a n/a
Turkey	525,150	0.1%	ISE 100	11468	21.9%	474 -27
South Africa	6.118	0.5%	JSE	7395	4.4%	245 -8

Commodity Markets		
	Level	% change
Gold	\$279.15	-0.23%
Oil	\$25.06	-4.24%

* spread on U.S. dollar-denominated sovereign debt to 10-year U.S. Treasuries

Source: Bloomberg

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

December 10, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT Z. LAWRENCE *RL*

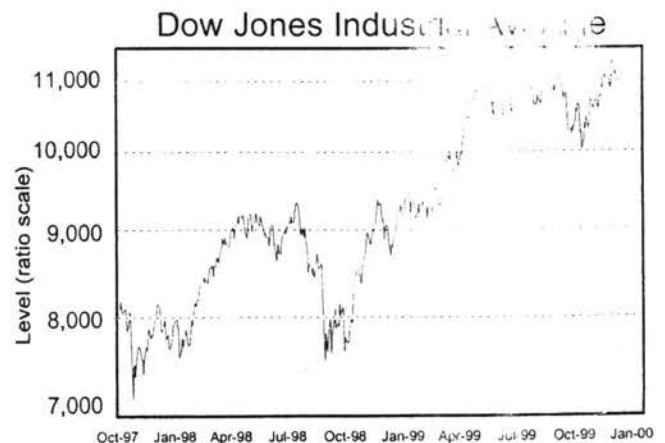
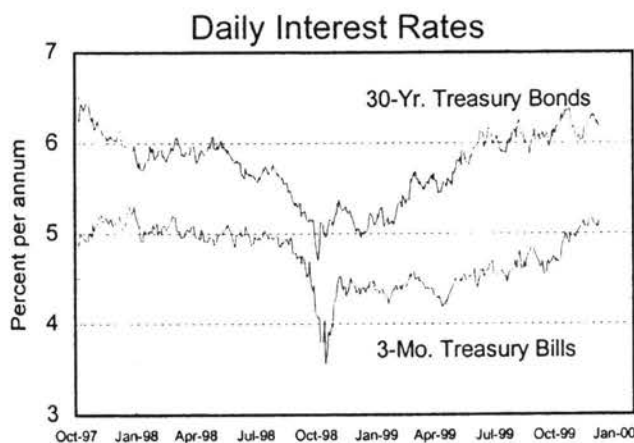
SUBJECT: Interest Rates and Stock Prices For the Week Ending Friday, December 10, 1999

Long-term interest rates fell this week. After posting small gains earlier in the week, bond markets surged today in response to news of modest producer price inflation in November. In addition, a drop in oil prices (following the extension of Iraq's oil-for-food program) may have mitigated concerns about rising energy prices.

Treasury securities	Close 12/10/99 (percent)	Change from 12/3/99 (percentage points)	Change from 12/31/98
3-month bills	5.14	+0.04	+0.77
10-year notes	6.08	-0.09	+1.43
30-year bonds	6.17	-0.10	+1.08

Stock prices were mixed this week. Shares of financial institutions led the NASDAQ to another record high this week. The NASDAQ has risen more than 30 percent since mid-October, and it is now up 65 percent for the year. Meanwhile, the S&P 500 and the Dow edged downward, but they both remain near record levels.

Index	Change from 12/3/99 (percent)	Change from 12/31/98 (percent)
Dow Jones Industrial Avg.	-0.5	+22
S&P 500	-1.1	+15
NASDAQ Composite	+2.8	+65



C

LOS



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

December 10, 1999

MEMORANDUM FOR THE PRESIDENT

'99 DEC 10 PM 6:42

CC: JOHN PODESTA

FROM: GEORGE T. FRAMPTON, JR. *GTF*

SUBJECT: CEQ WEEKLY REPORT

RESOURCE STEWARDSHIP

Lands Legacy Initiative

We are working to finalize a list of federal land acquisition projects using Lands Legacy funding from the FY2000 budget that was not earmarked by Congress. The \$35 million funding list from DOI and USDA includes projects for the Reverend Martin Luther King, Jr. National Historic Site, Civil War battlefields, inholdings in the Grand-Staircase Escalante National Monument, Pelican Island National Wildlife Refuge, and bison habitat near Yellowstone National Park. On Monday, Secretaries Babbitt and Glickman plan to send the list to the Interior Appropriations subcommittees for final approval. Upon Congressional approval, DOI and USDA will obligate funds to acquire these lands.

California Water

On December 10, DOI curtailed pumping for two weeks in the Central Valley Project (CVP) because of the presence of fish protected under the Endangered Species Act. The Central Valley Project Improvement Act dedicates 800,000 acre-feet of water for fish, thereby potentially reducing the amount of water that is available for irrigators and urban areas. At the request of Governor Davis, DOI delayed its action from a planned December 7 start to allow for further consultation with State officials. DOI has determined that any additional delay would not provide additional benefits to irrigators but would harm protected fish runs.

Salmon Recovery

On December 17, the Army Corps of Engineers will release its draft EIS on the operation of hydropower dams on the lower Snake River in Washington State for improved salmon passage. The most controversial proposal being studied is the breaching of these dams. As a companion to the draft EIS, the Department of Commerce will release a draft paper outlining salmon recovery options in fisheries harvest, habitat improvement, hatchery management and hydropower configuration. Regional public hearings will begin in February, and both documents are scheduled to be finalized in late spring/early summer of 2000.

EPA's "Tier II" Rulemaking

We are close to completing clearance of EPA's "Tier II" rulemaking, which will be a historic step forward in providing cleaner cars and fuels. We expect a rule to be ready next week and understand that you plan to announce the progress when your schedule permits. We expect support from the environmental community and minimal opposition from the oil and auto industries.

D

THE WHITE HOUSE
WASHINGTON

'99 DEC 10 PM7:29

December 10, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: ROGER BALLENTINE 
RE: OFFICE OF ENVIRONMENTAL INITIATIVES WEEKLY

Climate Change

Press, Science and Industry.

Numerous news outlets (e.g., *New York Times*, *Washington Post*, *AP*) reported on Ford's decision to withdraw from the Global Climate Coalition, an anti-Kyoto lobbying group. In its announcement, Ford said there is credible evidence of global warming and companies should work together to find technological solutions. Others that have left the coalition include British Petroleum, Shell Oil, and Dow Chemical.

Time magazine ran a full-color, two-page map of the world highlighting recent events attributed by many to climate change ("Greenhouse Effects – Global warming is well under way. Here are some telltale signs", 12/13).

Dow Jones Newswires (12/10) reported on a new study by the Center for Energy and Climate Solutions claiming that the growth in e-commerce has driven not only the U.S. economy but also its relatively flat greenhouse gas emissions profile. The report concludes that eventually Internet shopping could reduce U.S. greenhouse gas emissions by up to 75 million metric tons (equal to 31 average-sized power plants) through reduced energy consumption at retail outlets and reduced commuting by both consumers and workers.

The Washington Post (12/9) reported on a new study by the U.S. National Research Council and the Chinese Academies of Science and Engineering that urges greater collaboration between the U.S. and Chinese governments on developing clean energy technologies to reduce greenhouse gases. The report said the U.S. Congress and the President should authorize U.S. agencies to promote more efficient energy use in China and to help it pursue advanced, less-carbon intensive technologies for coal, renewable energy, nuclear energy, petroleum, and natural gas.

A new study in *Science* (12/10) shows that the periodic El Nino warming of the Pacific Ocean – which blocks the normal upwelling of cold, deep ocean water – sharply reduces the amount of carbon dioxide released into the atmosphere. The study reports that the 1997-98 El Nino kept 700 million metric tons of carbon from being released into the atmosphere – equal to half of the total U.S. annual emissions from burning fossil fuel.

New Initiatives

Heavy Duty Truck Initiative. We have been coordinating an inter-agency team led by the Department of the Army to develop a public-private partnership with truck and engine manufacturers. This partnership would be a research and development effort to double or triple the fuel efficiency and to reduce air pollutants from heavy duty trucks. In addition to the obvious environmental benefits, this program would improve the deployment readiness of our military forces by reducing fuel transport and use associated with military operations. Industry appears ready to commit to share the costs of the research, and to aim for the ambitious program goals.

Federal Transport EO. We are prepared to submit into OMB clearance an Executive Order that would require federal agencies to reduce their petroleum consumption from vehicles by 20% by 2005 (with appropriate exclusions, such as for tactical and law enforcement vehicles) through increased use of alternative fuels in the alternative fuel vehicles they are already required to purchase, and by acquiring vehicles with greater fuel efficiency.

Lands Legacy

On Monday, the Vice President released new figures showing that the conversion of farmland to developed land more than doubled in recent years. He then voiced strong support for USDA's Farmland Protection Program – a key part of your Lands Legacy Initiative – which helps states, local governments, and private groups purchase permanent development easements from farmers. That arrangement allows farmer and ranchers to resist offers from developers and allows them to continue farming and to pass the farm or ranch on to their children. On Tuesday, Secretary Glickman echoed support for the FPP program in an event in Iowa highlighting the same report (USDA's Natural Resources Inventory).

cc: The Vice President
John Podesta
Martin Baily
Maria Echaveste
Steve Ricchetti
Charles Burson
George Frampton
Neal Lane
Joe Lockhart
Gene Sperling
Jim Steinberg

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20502

December 10, 1999

99 DEC 10 PM 5:58

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE *Neal*
CC: JOHN PODESTA
SUBJECT: OSTP WEEKLY REPORT

Stevie Wonder and the "Eye Chip"

As you noted in your remarks last Friday, engineers and ophthalmologists at NC State and Johns Hopkins are developing a retinal implant, nicknamed the "eye chip," which could bring vision back to some of the 6 million Americans who suffer from retinal degenerative diseases. Like cochlear implants for the deaf, which pick up sounds and send corresponding electrical impulses to the auditory nerve, the eye chip picks up images from an array of photosensors and translates them into electrical signals sent to nerve cells in the retina. Seventeen blind patients have had experimental versions of the chip implanted. They have reported being able to pick up some motion and shapes. The eye chip attracted attention in the press recently when singer Stevie Wonder indicated interest in the experimental technology. Unfortunately, Wonder is not likely to be a suitable candidate because of the early onset of his blindness. Development of the eye chip has been made possible by collaborative research involving engineers and biomedical scientists, with support from NSF and the Fight for Sight Foundation.

Human Gene Therapy

The NIH Recombinant DNA Advisory Committee (RAC) met this week to review the death of Jesse Gelsinger, the first subject to die while enrolled in a human gene therapy trial. University of Pennsylvania researchers believe that Jesse's death was caused by the experimental procedure, which was designed to test its safety, but FDA has not completed its investigation.

The researchers apologized for violations of both RAC and Food and Drug Administration (FDA) policies. The RAC will now develop recommendations that will be sent to the NIH director for consideration, but any changes in policy related to oversight of gene therapy research are unlikely to occur before next summer. Until then, investigators are on notice that they are expected to report any serious adverse events occurring during gene therapy trials, whether or not such events are clearly linked to the experiment, to FDA and to the RAC. FDA and NIH will work together to develop a coordinated reporting plan.

Mentoring Event

On Monday I presented the annual Presidential Awards for Excellence in Science, Mathematics, and Engineering Mentoring. We honored ten individuals and five institutions that have encouraged minorities, women, and people with disabilities to pursue careers in scientific and technical fields. NSF administers this annual award which includes a \$10,000 grant to continue the recognized activity for the individuals and institutions that have demonstrated outstanding and sustained mentoring

activities. I was proud to be able to recognize the work of individuals and organizations that inspire and mentor young people to succeed in the fields of science, math, and engineering.

Digital Divide Meeting

As the follow-up to the conference *Closing the Digital Divide*, I wanted to give you an update on the Computers for Learning program, created in response to your E.O. 12999. This program helps to close the technology gap, by allowing schools to register their technologies requirements on the Computers For Learning website, and allows Federal property managers to identify the schools that need the technology the most. Hundreds of thousand of computers have been donated due to your Executive Order and over ten thousand have been donated through the website. OSTP is investigating current funding opportunities to provide tuition assistance for schools to pay for the cost of purchasing high-quality on-line courses to ensure that (1) all American high school students can take advanced placement (AP) courses, and (2) all Americans have access to state-of-the-art English as a second language (ESL) instruction. The program focuses on these subjects because they are in high-demand but difficult for many school systems to offer because they are too small or too poor.

Human Frontiers Science Event

Today OSTP hosted the 10th Anniversary celebration of the Human Frontier Science Program (HFSP), a collaboration among Japan, EU and countries of the EU, Switzerland, Canada and U.S. The HFSP funds research in biology and brain sciences through grants to cross-cultural teams. It is a high payoff investment for the United States because our principle investigators receive grant amounts that are three to four times greater than the U.S. investment. Participants in the ceremony welcomed my remarks on the Administration's commitment to international collaboration.

Arctic Ozone Hole

NASA announced last Friday that an instrument onboard one of its satellites has observed the lowest value of column ozone (total amount of ozone between the surface and the top of the atmosphere) ever recorded in the Northern Hemisphere. This value resulted from an uncommon, but not unprecedented, convergence of weather systems that encouraged transport and build up of low-ozone air in this location. The observation is not related to chlorofluorocarbons (CFCs) or ozone-hole chemistry and, therefore, is not evidence of any failure in our efforts to control CFCs under the Montreal Protocol.

Hurricane Season Wrap-Up

NOAA, which issued its first-ever preseason hurricane forecast, accurately predicted this year's series of stronger than average storms. The agency predicted at least three major hurricanes with winds above 111 mph, and there were 5 such storms in 1999. (An average season has only two). The forecast was based in part on our understanding of La Niña, which is triggered by abnormally cool waters in the eastern equatorial Pacific. As a consequence, the cross-continental prevailing westerlies are pushed further to the north, and the absence of these winds allows stronger hurricanes to form. During an El Niño year (triggered by warm waters in the eastern Pacific), the westerlies are strengthened and upper-atmospheric winds in the Atlantic shear off the tops of potential hurricanes, producing weaker storms. NOAA expects another strong hurricane season in 2000 due to the continued La Niña.

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THE WHITE HOUSE
WASHINGTON

December 10, 1999

'99 DEC 10 PM 7:27

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra



SUBJECT: Office of Intergovernmental Affairs Weekly Report – December 6-10, 1999

FY 2001 BUDGET OUTREACH

Democratic Governors Association (DGA): Today, IGA and DGA convened a meeting with OMB and CEQ for the D.C. representatives from ten Democratic governors' offices to solicit their priorities for the FY 2001 budget and ideas for your State of the Union address.

Big Seven: On December 9, representatives from OMB, DPC, NEC, CEQ, Speechwriting, and IGA met with representatives from the Big Seven organizations of state/local elected officials and the County Executives of America to discuss the organizations' priorities for the FY2001 budget and ideas for your State of the Union address.

Education Groups: On December 8, OMB, DPC, NEC and IGA met with representatives from the Council of Chief State School Officers, the National Association of State Boards of Education, and the National School Boards Association to solicit the organizations' priorities for the FY 2001 budget and ideas for your State of the Union address.

IGA will prepare a summary memo to OMB and COS highlighting the priorities identified during these meetings.

INITIATIVE ON EDUCATIONAL EXCELLENCE FOR HISPANIC AMERICANS

IGA Deputy Director Ray Martinez was the keynote speaker in Miami, Florida at the fifth and final forum hosted by the White House Initiative on Educational Excellence for Hispanic Americans. Over 200 parents and educators attended the event, which consisted of panel discussions and workshops dealing with effective strategies to improve education for the nation's Latino children and youth.

PRIVACY DIALOGUE

On December 6, IGA and OIRA convened organizations of state/local elected officials for an initial discussion on personal privacy protection. The participants discussed best practices for balancing the need to keep personal information collected by governments confidential, the right of individuals to access public records, and First Amendment rights.

AMTRACK FUNDING

Governor Tommy Thompson (R-Wisconsin), Chair of the Amtrack Board of Directors and Michael Dukakis, the Board Vice Chair, have requested a meeting with you to discuss more funding for the FY2001 National Railroad Passenger Corporation budget. OMB has agreed to meet with both of them.

MAYORS / COUNTY EXECUTIVES

Prince Georges County, MD: On December 9, IGA coordinated a meeting for Prince Georges County with representatives from EPA, HUD, and Labor to discuss project funding priorities. Similar briefings with Transportation and HHS have been scheduled.

Mayor-elect Bart Peterson (D- Indianapolis): On December 9, IGA met with Mayor-elect Bart Peterson and Deputy Mayor Michael O'Connor to explain our operations. The Mayor-elect requested assistance with a race relations dialogue he committed to convene during his first month in office. We are working with the One America office to respond.

INSULAR AREAS

Vieques Bombing Practice: Island and U.S. Puerto Rican leaders reacted negatively to the Administration's Vieques announcement. Governor Pedro Rossello (D) said the proposed plan was unacceptable for several reasons: it lacked assurances that the target practice would end and the Navy would leave the island by a date certain; it explicitly linked federal aid for the community to resumed bombing, and it suggested the possibility of further live fire and the Navy staying longer than five years. IGA is working with Maria Echaveste, John Podesta, NSC and the Defense Department to resolve these issues. After the announcement, crowds of up to 500 Vieques residents began an on-going sit-in to block the range gate. Today, residents agreed to a plan, worked out by the Governor, to replace the lock they had put on the gate with ribbons tied on the fence, and to have residents maintain a vigil along the sides of the entrance instead of blocking the gate.

The Navy initially announced it would send an admiral to Puerto Rico to work out the implementation of the announced plan, but later abandoned that idea after the Governor and Resident Commissioner Carlos Romero-Barcelo (D) said Puerto Ricans would not discuss the plan with him. The Governor, however, said he wanted to continue to discuss the issues with you and your staff.

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THE WHITE HOUSE

WASHINGTON

99 DEC 10 PM 9:35

December 10, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. **T.M.**
KRIS M. BALDERSTON

SUBJECT: Summary of Cabinet Weekly Reports
December 4 - 10, 1999

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

- **Third Annual Leadership Conference:** On December 14, we will conclude the third annual Leadership Conference. The conference has been co-sponsored by the Council for Excellence in Government and the White House offices of Presidential Personnel and Cabinet Affairs for Presidential Appointees and Nominees. More than 150 subcabinet officials from nearly every agency registered for this year's conference with 60 to 80 attendees per session. This year's conference was comprised of five midday sessions, focused on three topics: Getting Results, Measuring Performance and Sustaining Momentum; Working Effectively with Congress; and, Working Effectively with the Media and Engaging Citizens.

DEPARTMENT OF TREASURY

- **Russia:** On December 3, after a meeting between IMF Managing Director Camdessus and the Russia G-8 Envoy, the IMF announced that disbursement of the next \$640 million tranche of Russia's IMF program would be delayed. While Russia has met the macroeconomic targets of its program, it has failed to take a number of required structural measures in such areas as reform of bankruptcy law, Central Bank reserve management and budget transparency. Russian Prime Minister Putin has sharply criticized the IMF's stance, claiming that Russia has met all the required conditions for the next tranche and that the IMF is delaying the tranche in order to put pressure on Russia to change its conduct in Chechnya.
- **E-Commerce:** On December 8, Secretary Summers met with six Chief Executive Officers of major technology companies, including Steve Case of America Online, to discuss E-Commerce issues. On December 14-15 in San Francisco, the next meeting of

the Congressional Advisory Commission on E-Commerce, created by the Internet Tax Freedom Act to study e-commerce tax issues, will take place. The most controversial issues discussed will be State and local taxes on sales made over the Internet and telecommunication taxes. The political debate over Internet taxation has intensified substantially over the past few weeks as several State tax and anti-tax proposals have been submitted. Treasury is not supporting any proposal at this time, but is seeking simplification of the existing tax system. The Commission is mandated to issue a report in April 2000.

- **Vaccines:** Treasury is working on developing a proposal for encouraging the development and delivery of vaccines for diseases that disproportionately affect the developing world. The proposal may call for: 1) contributing to the existing purchase fund of the Global Alliance for Vaccines and Immunizations and fostering an international effort to establish a Millennium Trust Fund to purchase AIDS, malaria and tuberculosis vaccines when they become available; 2) increasing private research and development through a new tax credit and increasing public sector research funding for tuberculosis and malaria; and 3) calling on multilateral development banks to earmark part of their funds for vaccines and medicines, recognizing that investments in health are critical to economic progress. Department of Justice
- **Miranda:** On December 6, the Supreme Court granted a certiorari petition for in Dickerson v. United States which raises the constitutionality of a statute that allows for broader admissibility of certain criminal confessions. In the government's certiorari brief, DOJ argued that because the Miranda decision is of constitutional dimension, Congress may not legislate a contrary rule unless the Supreme Court were to overrule Miranda.
- **AL "English Only" Policy For Driver's Exams:** Prior to 1991, the state of AL gave written driver's license exams in approximately 14 foreign languages. In 1991, after ratification of a state constitutional amendment declaring English the official language of AL, the state adopted an "English-Only" policy, requiring the driver's license process be administered in English only, and forbidding the use of interpreters and translation dictionaries, even if used privately. On November 30, the Eleventh Circuit upheld the district court's ruling that the English-Only policy had an unjustified disparate impact on foreign-born individuals, in violation of Title VI.
- **Internet Crimes Against Children:** In mid-December, the Office of Juvenile Justice and Delinquency Prevention (OJJDP) is expected to award ten grants totaling about \$3 million. The grants will go to state and local law enforcement agencies under the Internet Crimes Against Children program. The program funds regional, multi-jurisdictional, and multi-agency approaches to investigate and prosecute offenders using computer technology to victimize children.

- **Parochial School Aid Case:** In Mitchell v. Helms, the Solicitor General argued that Title VI of the Elementary and Secondary Education Act of 1965, is consistent with the Establishment Clause of the First Amendment. Title VI permits local educational agencies to lend supplementary, secular instructional materials and equipment, purchased with federal funds, to religious schools for the benefit of students as part of a program which also serves public school and nonsectarian private school students. The Court of Appeals for the Fifth Circuit found that several Supreme Court decisions categorically prohibit giving such aid to religious schools.
- **Women Offenders Conference:** On December 13-15, OJP and CPO will host the National Symposium on Women Offenders. The conference will bring together teams from almost every state and several localities to discuss issues such as special needs of female inmates, gender-responsive programming, and issues of women offenders and children. MD Lt. Gov. Kathleen Kennedy Townsend will discuss Maryland's targeted response to women offenders and Toni Locy from *U.S. News and World Report* will discuss girls following mothers into the justice system. The Attorney General will speak at the closing session.
- **Juvenile Justice Publications:** In December, OJJDP is expected to publish *Highlights of the 1998 National Youth Gang Survey*. This survey found that gang activity continued to affect a large number of cities and counties in 1998, but the number of agencies reporting active youth gangs in their areas declined slightly for the second year in a row. The estimated number of gangs and gang members also decreased. The 1998 survey confirmed previous findings that gang members are often involved in a range of serious and violent crimes.

DEPARTMENT OF INTERIOR

- **Water Pumping in CA's Central Valley:** On December 10, DOI will begin curtailing water pumping from the Federal Central Valley Project. CA Governor Davis had asked DOI to delay curtailment until December 15 because of concerns about the alleged effects on water users. Federal biologists contend that curtailment must begin now in order to save the CA and Federally listed threatened spring run chinook salmon. The Central Valley Project Improvement Act requires DOI to modify operation of the project to balance fish and wildlife needs with those of urban and agricultural water users.
- **Snow Mobile Use in Denali National Park:** During the week of December 6, NPS will hold four public hearings regarding proposed permanent regulations at Denali NP. The most controversial of these is a definition of "traditional activities" that would prohibit snowmobile use in the two million acres of the park. There is national media interest and the congressional delegation's interest is expected to be high.

- **Potential New Parks:** The FY2000 Appropriations Act authorized 14 new studies of potential additions to the National Park System. Fifteen studies previously authorized or directed by Congress in prior years are expected to continue during FY2000.
- **Visibility Degradation at Big Bend National Park:** Deteriorating visibility at Big Bend National Park prompted a meeting between Director Stanton and the TX Natural Resource Conservation Commission. The discussion focused on the status of various pollution reduction programs in TX, while acknowledging the importance of addressing pollution from Mexico. An agreement was reached to jointly assess the effectiveness of current and planned programs with respect to their impact on air quality at Big Bend and to continue working together on a regional and binational scale.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **New Meat Safety Rule:** On December 10, in District Court for the Northern District of TX, USDA will challenge Supreme Beef Processors' request for a temporary injunction preventing USDA from suspending inspection, which would effectively close the facility, for the plant's failure to meet the performance standards of USDA's new science-based meat and poultry inspection system. USDA expects a coalition of consumer and public health interests to support USDA's position in a friend of the court filing, and believes it likely that representatives of the meat industry will side with the company.
- **50th Anniversary of Rural Housing Program:** On December 10, USDA will mark the 50th anniversary of its single family rural housing loan program in a celebration in Rutledge, GA, which was the site of the first house financed under the program. The ceremony will include several state and local officials, as well as the first borrower under the program. During the event, USDA will announce 100 partners who will work to boost rural home ownership as part of your Home Ownership Initiative, and will announce that USDA will commit \$60 million in FY00 to rural home owners through the rural home loan partnership.
- **Flue-Cured Tobacco Quota:** On December 15, USDA will, as required by statute, set the quota for the 2000 crop of flue-cured tobacco. This quota will be partly based upon the December 1 report of the purchasing plans of U.S. cigarette manufacturers, which showed a 12 percent drop to 286 million pounds for 1999, suggesting that the statutory formula will result in another reduction in the quota which has, in turn, begun to generate considerable concern among congressional tobacco interests.
- **Commodity Markets:** Weak exports and improved weather in the U.S. Southern Plains depressed wheat prices. Spillover pressure from wheat and a weakening export picture led corn prices lower. Soybean prices received a boost from concerns over South American planting conditions. Lackluster export demand and heavy supplies sent rice

prices down. Cotton prices fell as international competition continues to heat up and domestic demand remains sluggish. Steer prices were almost unchanged, but hog prices were up sharply following a pickup in ham and picnic prices. Broiler prices dropped slightly due to light retail demand. Cheese prices held steady, as heavy production was balanced by good seasonal demand. Butter prices dropped below \$1.00 per pound, as brisk production and large stocks continue to overhang the market.

- **Egg Safety Action Plan:** USDA has completed an egg safety plan to reduce salmonella-related illnesses from eggs by 50 percent over the next five years.

DEPARTMENT OF COMMERCE

- **WTO Ministerial:** Before talks ultimately collapsed December 3, progress was being made on e-commerce and transparency in government procurement. However, in the non-agricultural market access talks, the EU refused to move forward on advanced tariff liberalization and the lesser developed countries refused to negotiate effective market access objectives, insisting that negotiations be based on the meaningless high bound tariff rates they maintain. Antidumping actions were under strenuous attack by a number of other WTO members causing DOC's team to spend much of its time focusing on this issue. There are major uncertainties regarding when and on what basis talks could resume.
- **NIST Minority Outreach:** Starting in January, NIST will visit minority-serving institutions with compatible research programs to award small research planning grants. NIST will visit seven historically black universities, three Hispanic-serving institutions, and two tribal colleges.
- **Mexico Border Car-Deposit Program:** On December 2, Mexico announced that it was suspending implementation of a controversial program begun December 1 to require up to an \$800 deposit for U.S. registered cars entering Mexico to discourage sale or transfer of the cars in that country. The International Trade Administration worked closely with Mexican officials to voice U.S. concerns and to advocate that Mexico needed to get reliable, accurate information to the traveling public.
- **Central American Reconstruction Program:** On December 7, DOC will host "Reducing the Caribbean Basin's Economic Vulnerability to Natural Disasters through Public-Private Partnerships." The sessions will take place in Miami, FL, in conjunction with Caribbean/Latin American Action's annual Miami Conference on the Caribbean and Latin America. In addition to presentations by U.S. officials and companies on reducing the economic impact of natural disasters in the region, the program will feature a series of workshops on agribusiness/forestry, energy, telecommunications; construction/ housing; and transportation.

- **Chemical Weapons Convention Regulations:** The Bureau of Export Administration (BXA) expects the Chemical Weapons Convention implementing regulations to be published in December. Industry will then have 90 days to submit declarations and reports on activities involving toxic chemicals and precursors from 1994-99. The State Department will transmit this information to the Organization for the Prohibition of Chemical Weapons, which administers the Convention. Inspections of U.S. commercial facilities will begin next spring.
- **Easing of North Korean Sanctions:** BXA is participating in the North Korea Economic Interagency Working Group, organized by the State Department to discuss implementation of your September 17 decision to ease sanctions against Pyongyang. BXA is circulating interagency draft changes to the Export Administration Regulations to implement your initiative. Both DOD and DOE have raised concerns about the scope of the proposed liberalization.
- **President's Export Council Subcommittee on Encryption (PECSENC):** PECSENC will meet December 14. The Council provides advice on commercial encryption product issues. Under Secretary Reinsch and other BXA officials will provide an update on current BXA initiatives, including the forthcoming new encryption regulation and the recent meeting of the Wassenaar Arrangement. DOJ will brief the group on the legislative strategy for law enforcement access legislation, the "Cyberspace Electronic Security Act." PECSENC also plans to hold briefings on encryption developments within the European Union, on the status of NIST's Advanced Encryption Standard selection process, and on the Digital Millennium Copyright Act.

DEPARTMENT OF LABOR

- **Society of Professional Engineering Employees/Boeing Corporation:** The members of the Society of Professional Engineering Employees, recently affiliated with the AFL-CIO, rejected a final offer from the Boeing Corporation and have given strike authority to their negotiating committee. Boeing spokespersons have indicated they will extend the contract, which expired December 1, through December 31. Both sides have expressed a willingness to talk during that period.
- **Health Care Industry:** Representative Campbell stated Speaker Hastert agreed to put a bill to give independent physicians collective bargaining rights with health plans back on the agenda of the House Judiciary Committee. Campbell predicted that the bill would easily win committee approval and could come to a vote on the House floor in early February.

- **Economic Statistics:** On December 14, BLS plans to release the Consumer Price Index for November 1999 and the Real Earnings for November 1999.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **No Change in Drug Related Emergency Department Episodes:** The week of December 27, SAMHSA will release 1998 estimates of drug-related emergency department (ED) episodes from the Drug Abuse Warning Network, an ongoing national survey of hospital emergency departments. The analysis focuses on trends of drug-related emergency department episodes and specific drug mentions from 1991-98. Nationally, total drug-related ED episodes were stable from 1997-98. Among the drugs mentioned most frequently in ED reports, cocaine, and heroin/morphine were unchanged between 1997 and 1998, while marijuana/hashish mentions increased 19 percent. Among the 21 metropolitan areas covered by the analysis, cocaine mentions increased in five, heroin/morphine mentions increased in six, and marijuana/hashish mentions increased in three. Heroin/morphine mentions decreased only in one city, as did marijuana/hashish mentions. Youth age 12-17 comprise 11 percent of total episodes. For the 12-17 age group, total episodes were statistically unchanged from 1997 levels, but eight percent lower than in 1996.
- **New Breast Imaging Technology:** On December 16, a Food and Drug Administration (FDA) advisory panel will consider an application for the first digital imaging device for breast cancer screening, GE Medical Systems' Senographe 200D. FDA has expedited its evaluation of this application. The advisory panel meeting is expected to attract the attention of the clinical community and the media.
- **Report on Mental Health:** On December 13, Secretary Shalala will join Mrs. Gore and Surgeon General Satcher to announce the release of the first-ever *Surgeon General's Report on Mental Health*. The report aims to advance the state mental health in the nation, encourage those in need to seek help and dispel the myths and stigmas associated with mental illness.
- **CHIP Approvals:** During the week of December 13, the Health Care Financing Administration plans to notify MS, CA, and IN of the approval of the States Children's Health Insurance Plan (CHIP) amendments.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Homelessness Report:** After spending the night at the House of Ruth transitional housing facility for homeless families in Washington with actor William Baldwin, President of the non-profit Creative Coalition, Secretary Cuomo released a landmark study which reports that most people who become homeless have suffered severe

hardships, but are successful in escaping homelessness when they get help from federal and other programs. HUD's FY2000 Budget provides for \$1.02 billion in funding for homeless programs – a \$45 million increase over 1999.

- **White House Initiative on Guns:** In a series of print and television interviews, Secretary Cuomo supported the Administration's Initiative to start negotiations with gun manufacturers to address ongoing gun litigation. In addition, HUD announced the possibility of public housing authorities bringing suit in the event negotiations are unsuccessful. The basis of the suit, is the human costs of gun violence in housing authorities, as well as the serious financial costs they incur.
- **Mark-To-Market Program:** HUD announced that it has created a new, two-tiered fee structure for housing finance agencies that process "lite" transactions as part of the Mark-to-Market program. Lite transactions reduce above-market Section 8 contract rents to levels that are more in line with prevailing market rents without restructuring the outstanding debt on the mortgages. Under the new structure, HUD's Office of Multifamily Housing Assistance Restructuring (OMHAR) will increase compensation to Participating Administrative Entities (PAEs) when financial data or other information calls for a more thorough review of a property's expenses when determining if a transaction qualifies as a lite.
- **New Home Sales in October Hit 35 Year High:** New home sales in October were 986,000 units on a seasonally adjusted annual basis, the highest month in the 35-year history of the series. Sales were up 16.3 percent from September. Year to date, new home sales are running 4.8 percent higher than in 1998 which was the highest year ever. Projecting forward, 1999 could yield as many as 920,000 new home sales compared to 886,000 in 1998.
- **Housing Grants:** The following grants are being prepared for release over the next several weeks: Resident Opportunities Self Sufficiency Program; Community Development Technical Assistance and Fair Housing Initiative Program grants. In addition, Secretary Cuomo is scheduled to travel to Denver, Boston and Portland, ME to announce Homeless Continuum of Care grants in the next week.

DEPARTMENT OF TRANSPORTATION

- **Mission to Central America and the Caribbean:** From December 13-17, Secretary Slater will lead a Transportation and Trade Mission and will highlight several key deliverables. In Honduras, he will sign over navigation equipment to enhance aviation safety and replace the Maritime Navigation Aid System damaged by Hurricane Mitch. In Panama, he will join President Carter and Secretary Albright at the historic turnover of the Panama Canal. In Jamaica, he will attend the dedication ceremony for a patrol boat

formerly operated by the U.S. Coast Guard, and he will sign the 39th Open Skies agreement with the Dominican Republic. A business delegation with maritime, aviation, rail and other interests will support the visit to Honduras, Jamaica, and the Dominican Republic.

- **New York City Transit Union Workers Poised to Strike:** On December 15, the current labor agreements between New York City Transit and its unions will expire. The President of the Transport Workers Union Local 100 has been negotiating raises that are greater than the 11-percent-over-three-years recently received by the workers of MTA/Metro-North Railroad and MTA/Long Island Rail Road. While the New York State Taylor Law forbids strikes by public workers, the City and State agencies are developing contingency plans in case a transit union walkout occurs.
- **Environmentally Friendly Snow and Ice Control:** On December 7, Secretary Slater announced that researchers have discovered how inexpensive feedstocks, such as cheese whey, can be used to make inexpensive calcium magnesium acetate (CMA), an environmentally-friendly snow and ice control material used for roadway deicing and anti-icing. Several states use CMA to maintain the safety and efficiency of highways and bridges during the winter months. The Federal Highway Administration, in partnership with NY State Energy Research and Development Authority and several state highway agencies, funded the research which involves fermenting cheese whey to produce acetic acid which, in turn, reacts with lime to produce CMA. Researchers from Ohio State University's Department of Chemical Engineering conducted the research on behalf of the agencies.
- **Fifty Computers to AR:** During the week of December 6, Lee County School District in Mariana, AR received 25 computers and monitors in support of Executive Order 12999 regarding Educational Technology and Secretary Slater's Garrett A. Morgan Technology and Transportation Futures Program. The donation was coordinated by DOT's Transportation Administrative Service Center.
- **Greensboro, NC Grant:** On December 3, Secretary Slater spoke with Governor Hunt and announced a transit grant for the City of Greensboro in the amount of \$5.1 million. The project will use FY99 earmark bus funds for the creation of a Multimodal Terminal and acquisition of new buses, paratransit vans, and standard transit coaches.
- **New York Grant:** Two Federal Transit Administration grants were released on December 7, 1999. Suffolk County, NY received \$2,100,972 using FY98 bus earmark funds to purchase approximately twelve 35-foot buses. NY City DOT received \$7,328,971 using FY98 bus earmark funds to purchase 28 compressed natural

DEPARTMENT OF ENERGY

- **Oak Ridge Chemical Explosion:** On December 8, an explosion occurred at Oak Ridge's Y-12 plant involving sodium-potassium coolant. Ten employees were injured, one with serious burns. No release of contaminants outside the facility has occurred and no future release is expected. There is no indication of damage to the facility and no employees outside the facility were affected. DOE and Oak Ridge have been working with the Tennessee Emergency Management Agency to respond to the incident.
- **Spallation Neutron Source Project:** The Vice President is scheduled to attend a groundbreaking ceremony for the \$1.36 billion Spallation Neutron Source project at DOE's Oak Ridge Facility on December 15. The project is aimed at providing the scientific community with the world's most capable facility for neutron scattering and related research in the physical, chemical, materials, biological, and medical sciences. The project is organized as a five-laboratory partnership involving DOE's Argonne National Laboratory, Brookhaven National Laboratory, Lawrence Berkeley National Laboratory, Los Alamos National Laboratory, and Oak Ridge National Laboratory under the leadership of a central Spallation Neutron Source Project Office in Oak Ridge.
- **Alternative Fuel Grants to National Parks:** On December 6, Secretary Richardson and Secretary Babbitt announced awards totaling \$460,000 to selected national park fleet managers to advance the development of alternative fuels. The DOE funds were awarded to 32 national parks and will be used to support the enhanced use of alternative fuel vehicles in the National Park Service.

DEPARTMENT OF EDUCATION

- **Meeting with Jesse Jackson:** On December 8, Secretary Riley and DOE staff met with the Reverend Jesse Jackson to discuss school discipline, equity in educational opportunity, and issues related to Decatur, IL.
- **Investigator Says NYC Teachers Aided in Cheating:** On December 7, school investigators charged that dozens of teachers and two principals across New York City's public school system had given answers to students on standardized reading and mathematics tests which help determine how schools are ranked and whether students move on to the next grade. Investigators said the cheating, in grades three through eight over five years, involved more students and educators than any recent cheating case in American public schools.
- **Good Teachers:** An analysis of CA's teacher shortage warns that education reform is doomed unless the state makes a large investment to address the dearth of qualified teachers at public schools serving poor and minority children. The report, issued by a

coalition of the state's two public university systems and several private foundations, said teachers should be eligible for perks such as a salary of up to \$20,000 while they attend university training courses full-time.

- **Math Standards:** By the end of December, DOE plans to release "High Standards in Mathematics for Every Student: A Guide to Effective Use of Resources." This guide summarizes lessons learned at three 1998 regional conferences that focused on strategies for using Federal, state, and local resources to improve student achievement in math.

DEPARTMENT OF VETERANS AFFAIRS

- **Patient Safety:** VA's emphasis on patient safety and ensuring consistently reliable, high-quality patient care has resulted in improvements that meet or exceed national standards. VA has created four Patient Safety Centers of Inquiry to develop innovative solutions to critical challenges in patient safety. More than four years ago, VA began using a "bar-code" system for medication that resulted in the reduction of medical errors by two-thirds. VA facilities have used electronic entry of prescriptions to eliminate mistakes resulting from illegible handwriting. Computerized patient records remind health care workers of routine services required by patients. This year, VA is requiring health care workers to attend forty hours of instruction in quality assurance.
- **Oversight Office to Monitor Research Safety:** A new Office of Research Compliance and Assurance has been established at VA. This office will ensure that VA's research programs place the highest priority on the welfare and dignity of patients in clinical studies, and will provide independent and routine assurance that VA's research is conducted legally, safely, and with integrity. Secretary West appointed Dr. John H. Mather as the Office's director.
- **Costs of Medical Materials:** VA and DOD entered into a Memorandum of Agreement to achieve lower medical material costs and reduce redundancies in federal contracting. The goal of this program is to negotiate the best possible price for quality products by leveraging the combined purchasing power of federal customers.
- **Cost-of-Living Adjustment:** On December 3, VA announced that more than three million beneficiaries of VA's compensation and pension programs will receive a cost-of-living adjustment of 2.4 percent in monthly benefit payments to be distributed later this month. This increase affects eligible veterans and survivors on VA benefits rolls as of December 1.

ENVIRONMENTAL PROTECTION AGENCY

- **Final Rules for Cars and Gasoline:** Last May, you announced a proposal for the toughest tailpipe standards ever for passenger vehicles, light-duty trucks and sport utility vehicles (SUVs). The proposal marked the first time that SUVs and light-duty trucks would be subject to the same pollution standards as cars. After months of receiving public comment on the proposal and meeting with stakeholders, EPA is in the final stages of finalizing the rules and accompanying support documents.
- **Northeastern States Clean Air:** In 1997, eight Northeastern states (CT, ME, MA, NH, NY, RI, PA, VT) petitioned EPA to take action to reduce out-of-state windblown air pollution. In April, EPA made final determinations that sources in the upwind states named by the petitioning states were indeed significantly degrading air quality in the petitioning states. EPA will adopt and implement a market-based emissions trading program to control emissions from the upwind sources.
- **Safe Drinking Water Act Anniversary:** December 16 marks the 25th anniversary of the Safe Drinking Water Act, the principle federal law ensuring the quality of Americans' drinking water. The Act, which was last reauthorized in 1996, recognizes that providing safe water is a comprehensive and integrated effort involving water protection and treatment from the drinking water source to the consumer's tap.
- **Municipal Sludge Standards:** Next week, EPA expects to propose regulations to address dioxin and dioxin-like compounds in municipal sewage sludge that is applied to land (e.g., for agricultural purposes or in home gardens), incinerated or disposed of in landfills. The proposal would allow beneficial uses of sludge while ensuring that public health is protected. EPA's risk assessment for the proposal indicates that most sewage sludge is safe for land application. EPA is proposing, however, to establish a cap of 300 parts per trillion toxic equivalents on dioxins in land-applied sludge to protect against unreasonable cancer risk for highly exposed individuals as well as the general population. For incineration and land disposal, EPA will propose no action based on the results of risk assessments specific to those activities. The final rule is under court-ordered deadline for December 2001.

UNITED NATIONS

- **UN Arrears:** Both this week and next, the Management Reform section will devote its efforts toward securing a Zero Nominal Growth (ZNG) UN budget for the 2000-2001 biennium, and preparing the ground for the achievement of the other benchmarks contained in U.S. arrears legislation. The budget negotiations, which are entering their final phase, center on closing a \$30-40 million gap between the Secretary General's proposed budget and ZNG. USUN is pursuing this goal through a demarche to capitals,

intensive bi-lateral meetings with Permanent Representatives, and negotiations on specific potential savings in the UN's Fifth Committee. Both this initiative and the U.S. larger arrears legislation implementation agenda are complicated by an enduring sense among member states that the U.S. has imposed unilateral conditions on the UN in violation of international law. Although the level of resentment remains significant, USUN is working to begin building a coalition of pragmatic states that will back achievement of the benchmarks as the best way to put right the U.S.-UN relationship and thereby safeguard the UN's role into the next century.

- **Iraq:** The P-5 remains at an impasse over the trigger for sanctions suspension in the UK's draft omnibus Security Council resolution; discussions continue in New York and among principals in capitals. Negotiations remain fluid. Russia has been negative concerning the U.S. position on key issues in the text, but has taken care not to reveal how it will vote. France and China also have not been forthcoming about their true intentions. Malaysia appears to be in the abstention camp. A separate U.S.-drafted resolution to extend the Oil-for-Food Program for six months will likely be adopted December 10.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Office Visit with Representative Cummings:** On December 13, Director McCaffrey will meet with Representative Elijah Cummings and Mr. Frank Oliver, Director of the Black Newspaper Publishers Association. They will discuss drug policy issues in the African American community and how ONDCP is working to address these issues. Representative Cummings and Mr. Oliver have expressed a special interest in the National Youth Anti-Drug Media Campaign and its efforts to deliver meaningful drug prevention messages to African American youth.
- **National HIDTA Conference:** On December 14-15, ONDCP will host the National High Intensity Drug Trafficking Area (HIDTA) Conference. HIDTA, Federal officials, and congressional staff will discuss changes and new patterns in drug trafficking and how the HIDTA Program should respond to them. Attorney General Reno, FBI Director Freeh, and DEA Administrator Donnie Marshall will also address the conference.

SMALL BUSINESS ADMINISTRATION

- **Strategic Alliances:** From December 13-15, SBA will participate in the U.S.-Africa Energy Ministers Conference in Tucson, AZ. The conference will focus on the challenges of securing financing and investment for energy projects in Africa. This conference will represent the first time that the U.S. and 54 African Energy Ministers will meet to discuss the future of Africa's energy sector. U.S. participants will include the Sloan Financial Group, Morgan Stanley Dean Witter, Citizens Energy, Solomon Smith

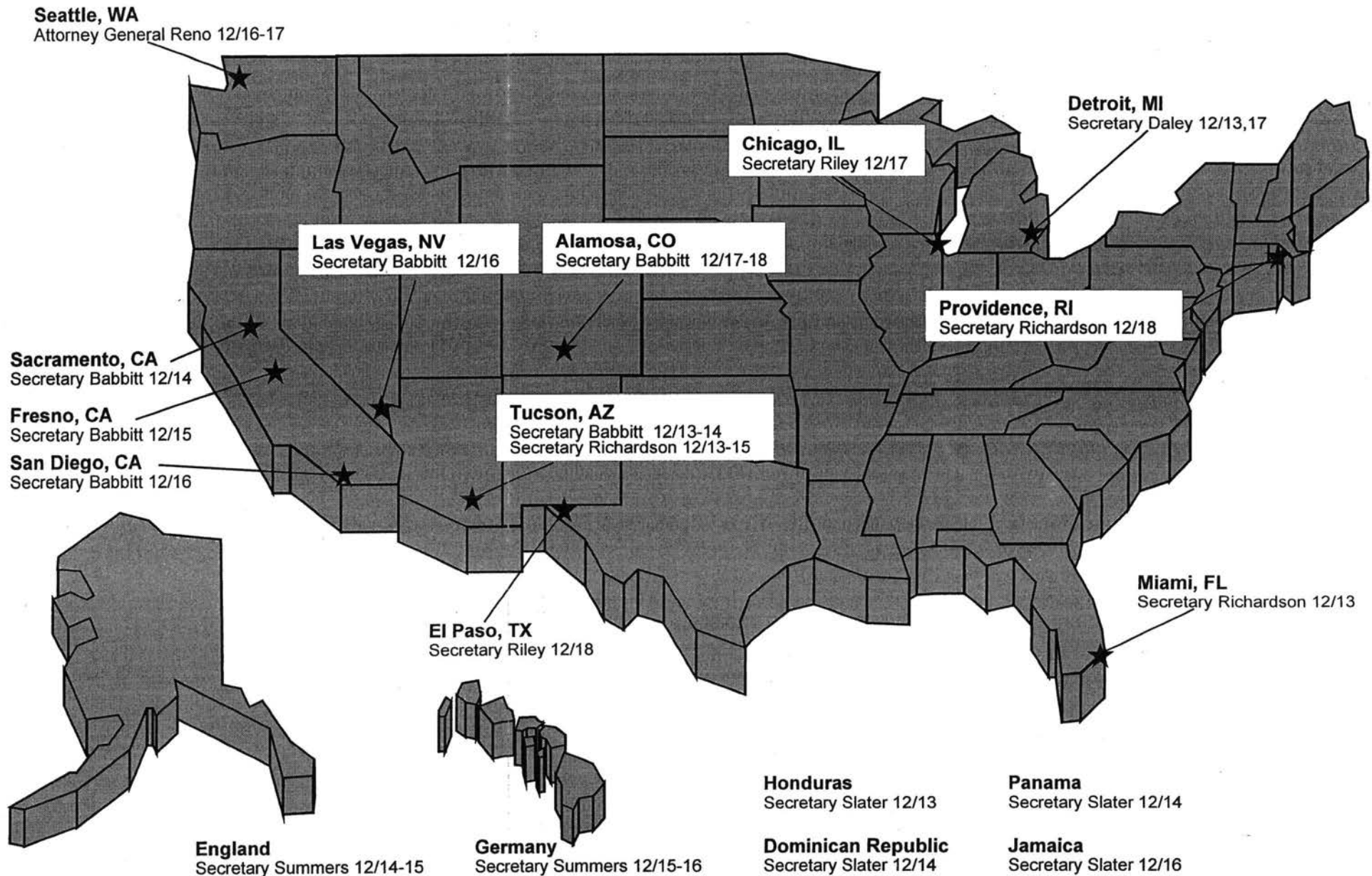
Barney. African participants include South Africa, Botswana, Egypt, Ghana, Kenya, Cote d'Ivoire, and Rwanda.

GENERAL SERVICES ADMINISTRATION

- **Child Care Expenses:** The Treasury Appropriations Act 2000 gives Federal agencies the authority to subsidize the cost of Federal employee child care expenses. Once the regulations to implement this bill are published by OPM, it is likely GSA will participate in the program. The GSA Office of Child Care is conducting a survey to determine need and eligibility. Then the Office will determine the amount of the subsidy (or the funding required for the subsidy) and which employees would be eligible to receive it. GSA has 113 child care centers around the country.
- **Excess Computers for DC:** GSA Region 3 recently donated 150 surplus computers to the Center of Community Change in DC. The computers will help 200 youths in the DC area prepare for graduation and move on to college.

Cabinet Travel

Monday, December 13 - Sunday, December 19, 1999



cc:

The Vice President

John Podesta

Martin Baily

Sandy Berger

Sidney Blumenthal

Charles Burson

Mary Beth Cahill

Maria Echaveste

George Frampton

Mickey Ibarra

Ben Johnson

Joel Johnson

Janis Kearney

Neal Lane

Jack Lew

Ann Lewis

Joe Lockhart

Buddy MacKay

Sean Maloney

Minyon Moore

Bruce Reed

Steve Ricchetti

Doug Sosnik

Gene Sperling

Larry Stein

Lauren Supina

Loretta Ucelli

Melanne Verveer

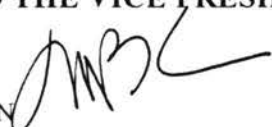
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THE WHITE HOUSE
WASHINGTON

'99 DEC 10 PM 7:07

December 10, 1999

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARY BETH CAHILL
DIRECTOR, OFFICE OF PUBLIC LIAISON 

SUBJECT: WEEKLY REPORT (December 4 to December 10)

I. ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES:

STATE OF THE UNION ADDRESS 2000

OPL Finalizes Memo of Constituent Priorities for White House Policy Offices. Today OPL sent a memo to Podesta and heads of various offices outlining top policy and message priorities for consideration in your 2000 SOTU. Hate Crimes, School Violence, Medicare, and Social Security are top priorities for many OPL constituencies.

HATE CRIMES

Human Rights Campaign Seeks Reinvigorated Support for Hate Crimes Legislation. The Human Rights Campaign circulated very strong rhetoric that you and the Administration did not do enough to pass this legislation. HRC was very personally invested in attaining justice for the Sheppard family and could not separate the political loss from their emotional experience. Other constituent groups, elected officials and activists understand and believe that the Republican-controlled Congress is to blame but stress that this should be a top priority for next year and will support the administration in this fight for justice.

MEDICAL ERRORS

Health Care Provider Groups and Consumers Pleased with Meeting on Medical Errors. Although media coverage tended to demonize doctors, hospitals, nurses, and other health care providers, these groups acknowledged the problem and pledged to work with you to improve outcomes and reduce errors. It was the first meeting with you in several years for many of the groups, and a big success.

II. CONSTITUENT OUTREACH AND OTHER ISSUES:

AFRICAN AMERICAN OUTREACH

OPL Distributes African American Accomplishments Document to African American Constituency. The revised document highlights your commitment to creating an Administration that looks like "One America," noting that 13% of your Administration Appointees are African

American -- twice as many African Americans as any previous Administration -- and that you have increased judicial appointments of African Americans.

NAACP Washington Bureau Director Meeting with Bill Lann Lee to Discuss Accusations of Discrimination within DOJ. The NAACP has been meeting privately with Lee to avoid media attention, fearing that it could tarnish the positive advances your Administration and Lee have made on civil rights and race issues. They are working to identify positive action steps to address the allegations.

ASIAN PACIFIC AMERICAN OUTREACH

Asian American Wins Citywide Council Seat in Houston. The National Asian Pacific American Community is celebrating the election of Gordon Quan as an At-Large member of the Houston City Council. This is the first time an Asian American has won a citywide election in Houston. Quan participated in your Asian Pacific American Outreach meeting in early June. Asian Americans represent about 6% of the population in Houston and are the fastest growing minority in Texas.

BUSINESS OUTREACH

Business Community Begins to Organize Around US-China Vote. Steve Ricchetti and I met with former Administration officials Friday to review possible outreach strategies in preparation for next year's China vote(s). This meeting is part of the Administration's strategy to meet with outside groups and individuals from the private sector to discuss outreach, legislative, and message strategies for next year's activity relating to the US China Trade Agreement. In addition to meeting with corporate, environmental, legislative, and labor interests, Friday's informal meeting brought together former Administration officials, including Jack Quinn, Larry Stein, Don Baer and Greg Simon, to discuss the White House plan for next year. Additionally, the private sector is organizing a US China Trade coalition which includes the participation of the Business Roundtable, the US Chamber of Commerce, ECAT, US-China Business Council and over thirty other leading corporations to coordinate their congressional lobbying effort.

Digital Divide Event an Immediate Success. Michael Armstrong, AT&T; Steve Case, AOL; Dick Brown, EDS; and Duane Ackerman, Bell South were very pleased with the time they spent with you Thursday morning. After joining you in the Oval Office and in the Rose Garden, they participated in a roundtable discussion at the Commerce Department to develop new ways that the corporate sector can work with civil rights and education groups to bridge the digital divide. Response from the corporate community on your announcement for a digital divide New Markets tour has been immediate and positive.

DISABILITY OUTREACH

Disability Advocates Seek Your Help in Calling for Full Investigation of D.C. Group Homes. Sunday's *Post* feature article about the deaths of 116 D.C. residents with mental retardation, due to neglect and abuse, has outraged the disability community. At a vigil in front of Mayor Williams's office on Wednesday, advocates called for a full and complete

investigation, respect for the dignity of all human beings, and greater choice in housing. Advocates also asked how many people with disabilities had to die before Sen. Hatch and others recognized the importance of hate crimes legislation for people with disabilities.

Advocates Encourage you to Include Disability in Internet Agenda. The White House's recent "Ask the White House" initiative has drawn criticism from disability advocates for failing to address the needs of people with disabilities. The initiative's first participant, AOL, has refused to make its services accessible, and is now being sued by the National Federation of the Blind. Your Digital Divide initiative could be an ideal opportunity incorporate the access needs for people with disabilities.

ETHNIC OUTREACH

NSC Outlines Central and East European Priorities for Hungarian American Coalition. In a briefing hosted by OPL, representatives from NSC and State outlined Administration policies promoting development and stability in Eastern Europe. NSC pointed to NATO's inclusion of Hungary, Poland and Czech as a vital step toward advancing mutual security throughout the region while serving as a model for other East European countries aspiring for NATO membership. Isolating the Milosevic regime in Serbia was highlighted by Ambassador Hill as a top Administration priority aimed at bringing down Milosevic, while not turning our back on the needs of the Serbian people. Hungarian Americans enthusiastically agreed with Ambassador Hill that Serbia will not begin to respect its multi-ethnic society – including ethnic Hungarians in Vojvodina– until the Milosevic regime is brought to an end.

GAY/LESBIAN OUTREACH

"Don't Ask, Don't Tell, Don't Pursue." The trial and sentencing of Private Glover, 18, who was convicted of using a baseball bat to crush Pfc. Barry Winchell's skull as he slept on a cot, has created new energy and focus on this controversial policy. Advocates are furious that, six years into the policy, the Department of Defense has still not provided training for law enforcement personnel, commanders, and supervisors about the limits of investigation and appropriate implementation. Service members continue to be interrogated, investigated, harassed, and threatened about their sexual orientation. The community has asked that you call on the leadership of the Pentagon to make it crystal clear, throughout the entire chain of command, that anti-gay harassment and hate crimes have no place in the U.S. Military; and that at the end of the trial you will ensure that any military commanders who violated this policy will be held accountable.

LATINO OUTREACH

Conflicting Reactions to Vieques Plan Emerge Among Latin Organizations and Puerto Ricans.

Latino Organization Leaders privately viewed the Vieques plan announced last week as progress, but did not make public statements in this regard because of the unanimous opposition to the plan among Puerto Ricans. Organizations have consistently deferred to Puerto Ricans on the issues. In a conference call, NPRC President Manny Mirabal suggested other Hispanic groups join Puerto Ricans in opposing the plan, but Raul Yzaguirre, NCLR, and Brent Wilkes, LULAC, said that you should be given more time to resolve the issues before the groups take a public position. LULAC later supported the call of Puerto Rican leaders for adding to the plan assurances that the Navy will end the bombing and leave Vieques by a specific date. NCLR, LULAC, NPRC, and MALDEF also expressed gratitude for your efforts to obtain a resolution of the issue that will satisfy Puerto Rican concerns.

RELIGIOUS OUTREACH

Department of Education to Release Teacher's Guide to Religion in the Public Schools.

While previous guides on religion in public schools were sent to superintendents, Secretary Riley will send this teacher's guide to all public schools. The guide was developed by the Freedom Forum at Riley's request and will be an excellent response to those who claim there is no prayer allowed in public schools.

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THE WHITE HOUSE
WASHINGTON

DECEMBER 10, 1999

99 DEC 10 PM 5:41

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

**SUBJECT: OFFICE ON THE PRESIDENT'S INITIATIVE FOR ONE AMERICA
WEEKLY REPORT**

ACTIONS

Department of Defense Small Business Conference: I addressed 700 DoD staffers and contractors attending the Department's Small Business Conference in New Orleans. I stressed the need to ensure that minority businesses are afforded every opportunity to participate in DoD procurements. The theme of the conference was "Providing the Keys to Open Doors for Small Business. The conference was well attended by contractors and military personnel. Our One America message was well received.

Additionally, I met with General Ballard, head of the Army Corp of Engineers. General Ballard, the highest-ranking African American Army general, has an aggressive small business effort underway but may need an infusion of about a million dollars to keep the program afloat. I asked him for materials that I could share with Jack Lew.

Lawyers for One America (LFOA): We attended the monthly meeting of the LFOA and Deputy Attorney General Holder and found that the collaboration is doing some excellent work inside and outside the legal sector. They have hired an additional staff person to work out of Washington and facilitate geographical and administrative coordination. Additionally, LFOA has appointed team leaders who are spearheading the development, collection and improvement of the existing "Best Practices" for increasing diversity in the profession, increasing access to legal resources and for training programs and resources to assist attorneys.

In addition, we met with LFOA and representatives from Department of Treasury Community Development Policy staff to discuss possibilities of establishing a linkage between LFOA and BusinessLINC. Both Treasury and LFOA felt that there was a natural synergy between the two entities. For instance, transactional attorneys could provide invaluable counsel in application, negotiation and regulatory compliance for minority businesses interested in government contracts. Although BusinessLINC programs have involved individual attorneys, there has been no "organized legal effort"

in the past. A BusinessLINC/LFOA partnership presents an exciting opportunity to move your economic development agenda for underserved communities even further.

LFOA is also working with the Conference of Chief Justices of State Courts to have a resolution, urging all attorneys to participate in LFOA, as an agenda item at their February 2000 meeting. Please find attached a copy of the proposed resolution to this report for your review.

United Nations Racism Questionnaire: Our office is collaborating with other federal agencies to draft a response to a racism questionnaire sent to the U.S. State Department by the UN High Commissioner for Human Rights. The portions of the questionnaire that the One America office drafted concern racial progress, government policies and practices designed to promote tolerance and racial understanding, as well as raise awareness of racism and discrimination. Many of the topics raised in the questionnaire were addressed by your Initiative on Race. We plan to submit a final report to the High Commissioner by December 17.

Common Cause: I spoke with Scott Harshbarger, the new President and CEO of Common Cause, to discuss ways that our offices can work together around a One America Agenda. When he was the Attorney General of Massachusetts, he was heavily involved in diversity programs and advised me that he wants to stay active. We intend to get together again after the holidays to explore ways to further the work of bringing Americans together.

Congressional Black Caucus: Following your meeting with the CBC, I was approached by Congressman Clyburn with a request that he wanted passed on to you. He specifically requested that I mention to you that the entire CBC wants to visit Camp David for a casual social event before the end of your term.

CABINET RACE INITIATIVE WEEKLY

Department of Commerce

National Institute of Standards and Technology (NIST) Minority Outreach: Starting in January, DoC's NIST will visit minority-serving institutions with compatible research programs to award small research planning grants. NIST representatives will visit seven historically black universities, three Hispanic-serving institutions, and two tribal colleges.

Chicago Minority Business Initiative: The Interim Regional Director of the Minority Business Development Agency's Chicago Regional Office has accepted a leadership role on the new Procurement Roundtable, an outgrowth of your November tour of the Englewood community on Chicago's Southside, as part of the New Markets Initiative. The group's main focus will be to help small business entrepreneurs, especially minority and women-owned businesses, to grow.

Department of Health and Human Services

Hablemos en Confianza: Dr. Nelba Chavez, Administrator, Substance Abuse and Mental Health Services Administration (SAMHSA), will announce the availability of new materials titled "Hablemos en Confianza" which are designed to strengthen the dialogue between Spanish speaking Hispanic/Latino parents and their children. The announcement will be made at a community celebration and press conference in Tucson, AZ.

Asian Americans and Federal Programs: Deputy Secretary Kevin Thurm will travel to California to discuss the Executive Order 13125 on increasing the participation of Asian-American and Pacific Islanders in Federal programs where they may be underserved and to introduce the new White House Executive Director of the Asian-American and Pacific Islanders Initiative.

Asthma Mortality in U.S. Hispanics: In December 1999, *The American Journal of Respiratory and Critical Care Medicine* will publish an article based on Centers for Disease Control and Prevention's national vital statistics data for 1990 through 1995, to examine both national and regional age-adjusted asthma mortality rates for U.S. Hispanics of Mexican, Cuban, and Puerto Rican heritage, as well as for non-Hispanic whites and non-Hispanic blacks. Nationally, Puerto Ricans had an age-adjusted annual asthma mortality rate of 40.9 per million, followed by Cuban-Americans (15.8 per million) and Mexican-Americans (9.2 per million). In comparison, non-Hispanic whites had an age-adjusted annual asthma mortality rate of 14.7 per million and non-Hispanic blacks had a rate of 38.1 per million.

Age-adjusted asthma mortality for Puerto Ricans was highest in the Northeast (47.8 per million); this region accounted for 81 percent of all asthma deaths among Puerto Ricans in the United States. In the U.S., Puerto Ricans had the highest asthma mortality rates among Hispanics, followed by Cuban-Americans and Mexican-Americans. In addition, among Hispanic national groups, mortality rates were consistently higher in the Northeast than the Midwest, South, or West regions. These results further support that Hispanics do not represent a uniform, discrete group in terms of health outcomes, and that further public health research and interventions should take Hispanic national origin into account.

Department of Housing and Urban Development

Tax-Exempt Bonds: The White Mountain Apache Tribe in Arizona became the first Indian tribe to sell tax-exempt bonds to build homes for their citizens. The Tribe's housing authority sold \$25 million in bonds and will use the proceeds to build 250 single-family rental homes on the Fort Apache Indian Reservation in Arizona. This is the first time in history that an Indian tribe has been able to set-up a tax-exempt mortgage financing collateralized by GNMA securities. The Tribe's Housing Authority is using the HUD Section 184 Loan Guarantee as the main vehicle to finance the homes.

Department of Interior

Timbisha Shoshone Tribal Homeland Legislation: In response to a request from Senator Inouye, draft legislation is being prepared to put into effect the recommendations of "The Timbisha Shoshone Tribal Homeland: A Draft Secretarial Report to Congress to Establish a Permanent Tribal Land Base and Related Cooperative Activities." The proposed legislation should be sent to Senator Inouye this month. Meanwhile, work continues on the Legislative Environmental Impact Statement led by the Pacific West Region and Death Valley National Park.

HI Reconciliation Hearings and Native Hawaiian Education Act: During the week of December 12, DOI will testify at HI Reconciliation hearings. The hearings come just after a dozen officials of programs aimed at helping native Hawaiian students endorsed the reauthorization of the Native Hawaiian Education Act at Senate hearings held on the Hawaiian Islands. The Native Hawaiian Education Act is due to expire next year if not reauthorized. It supports 70 programs ranging from cultural education to working with the parents of at-risk native Hawaiian children. An attempt to reauthorize the legislation was thwarted in the House earlier this year.

Department of Justice

Race-Based Admissions: On November 29, the Supreme Court issued a per curiam opinion affirming a lower court ruling that plaintiff cannot collect damages for race-based admission policy if plaintiff would not have been admitted under a race-neutral policy. The plaintiff in this case is a disappointed white applicant to a graduate program at the University of TX, who alleges that the University violated his civil rights by considering race in the admissions process. The district court granted summary judgment to the state defendants on the ground that, even assuming race had been taken into account, the plaintiff had not been injured because he would not have been selected under a race-neutral selection process.

"English Only" Driver's Exams: Prior to 1991, the state of AL gave written driver's license exams in approximately 14 foreign languages. In 1991, after ratification of a state constitutional amendment declaring English the official language of AL, the state adopted an "English-Only" policy, requiring the driver's license process be administered in English only, and forbidding the use of interpreters and translation dictionaries, even if used privately. On November 30, the Eleventh Circuit upheld the district court's ruling that the English-Only policy had an unjustified disparate impact on foreign-born individuals, in violation of Title VI.

Small Business Administration

Hispanic Outreach: On December 11, SBA will host a workshop panel for *Latinas on the Move*, an event designed specifically for Latina women in the San Francisco Bay Area (Region 9). The one-day workshop, sponsored by DaimlerChrysler, will address issues important to Latinas, such as health, fitness, women in business and corporate

America, career, family, relationships and fashion. Over 300 women, including many small business owners and entrepreneurs, are expected to attend the workshop.

New Markets: The United States Hispanic Chamber of Commerce (USHCC) has requested Administrator Alvarez's participation in their monthly Sunday morning talk show, "Hispanic Business Today" to discuss New Markets. The NBC show debuted in October, 199 in 10 key Hispanic markets. In January the show will air in 44 markets throughout the country, including cities where SBA district offices are located. Arrangements have been made for a videotaped interview on 12/9 at SBA Headquarters.

**RESOLUTION
OF THE
CONFERENCE OF CHIEF JUSTICES OF
STATE SUPREME COURTS**

WHEREAS, the Conference of Chief Justice of State Supreme Courts have a long history of supporting efforts in the legal profession to strengthen our commitment to equal justice and diversity; and

WHEREAS, Lawyers For One America is a collaboration of lawyers and organizations in the legal profession committed to working together to insure both that the legal profession reflects the diversity of the society we serve and that the profession provides full service to communities of color so that those communities can enjoy equal access to our system of justice; and

WHEREAS, the collaboration currently consists of senior officers and representatives from the American Bar Association, the American Corporate Counsel Association, the Association of American Law Schools, the Association of the Bar of the City of New York, the Bar Association of Columbus, the Bar Association of San Francisco, the Hispanic National Bar Association, the Lawyers Committee for Civil Rights Under Law, the National Asian Pacific American Bar Association, the National Bar Association, the Native American Bar Association, the Pro Bono Institute, and other prominent lawyers from law firms, corporations, bar associations, civil rights organizations, and law schools; and

WHEREAS, the collaboration developed out of a challenge to the legal profession made by President William J. Clinton at a White House event on July 20, 1999 to renew the legal profession's commitment to civil rights that grew out of the call to action made by President John F. Kennedy in the summer of 1963; and

WHEREAS, participants in the collaboration made a commitment to seek to encourage pro bono activities to end discrimination, to provide economic opportunities to individuals, communities and entrepreneurs of color, and to seek to promote diversity in the legal profession; and

WHEREAS, to achieve the mission, Lawyers For One America will:

- Collect and magnify the work of the lawyers and legal organizations participating in this effort so that their coordinated efforts may be of exponential value and their stakeholders more informed and united in this effort.
- Identify the leaders of the legal community who are not yet pursuing the goals of Lawyers For One America and obtain their commitment to take action in furtherance of those goals.

- Seek more active involvement from all sectors of the legal community by developing avenues of participation for our efforts that are targeted to draw from their strengths.
- Survey, collect and disseminate information about best practices for enhancing diversity and pro bono work from the individuals and organizations that are making a difference and develop means that will allow other organizations to adopt those practices.
- Provide the means by which all stakeholders in the legal profession - lawyers, law schools, law firms, corporate employers of lawyers, government lawyers, bar associations, public interest organizations and others in the legal community - can work together to actively pursue equal justice and diversity.

NOW THEREFORE, BE IT RESOLVED THAT THE CONFERENCE OF CHIEF JUSTICES OF THE STATE SUPREME COURTS:

1. Commends the organizations that are participating in the Lawyers for One America collaboration for their efforts to end discrimination against people of color and to promote diversity in all segments of the legal profession;
2. Urges all segments of the legal profession throughout the United States to support the mission and efforts of the Lawyers for One America collaboration to end discrimination against people of color and promote diversity; and
3. Urges its members to encourage all segments of the legal profession in their states to work with and support the mission of the Lawyers for One America collaboration.

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THE WHITE HOUSE
WASHINGTON

'99 DEC 10 PM6:46

December 10, 1999

MEMORANDUM FOR THE PRESIDENT AND THE VICE-PRESIDENT

FROM: Kenneth H. MacKay, Jr. *KHM*

SUBJECT: Special Envoy for the Americas Weekly Report

Argentina: While serving as head of delegation for President de la Rúa's inauguration, I also held private meetings with President de la Rúa, President Menem, and newly-appointed Foreign Minister Adalberto Rodríguez Giavarini. Although de la Rúa's political alliance has publicly criticized Menem's foreign policy as being overly U.S.-oriented, in my meetings with de la Rúa, his Foreign Minister, and others, they clearly indicated that we will continue to enjoy close ties with Argentina. In fact, much of Menem's efforts to reorient foreign policy has broad support among the country's public and its political elite. Nevertheless, certain U.S. action is essential. We must move quickly to appoint an Ambassador, given the importance of Argentina in this hemisphere and the absence of one for over two years. In addition, the Argentines continue to push for a meeting between you and President de la Rúa to affirm the continuation of our close relations. Finally, Argentina, as the new chair of the FTAA negotiations, is looking for signs that U.S. commitment to the FTAA remains strong and that we will work with them to achieve economic integration by 2005.

Caribbean and Latin America Action Conference (CLAA): I attended the CLAA conference in Miami and participated in a number of meetings and panel discussions regarding the future of the FTAA, the WTO, and U.S. trade policy. My remarks at the opening plenary dinner conveyed the importance of continuing U.S. efforts to complete the FTAA by 2005, especially following the events that unfolded at the WTO. Given the successful meetings in Toronto in early November, I concur with the views of Tom Donohue, President of the U.S. Chamber of Commerce, that we should expedite completion of the FTAA within the next three years, rather than five.

Honduras – Nicaragua Dispute: I met with Honduras' Foreign Minister and Nicaragua's Vice Minister regarding the dispute over ratification of the 1986 treaty between Honduras and Colombia. I strongly encouraged both governments to avoid any further inflammatory rhetoric or retaliatory actions while they seek resolution of this matter before the International Court of Justice. As acts of good faith in the interim, I encouraged Honduras to agree to a voluntary stay of the delivery of the instruments of ratification and Nicaragua to rescind the economic sanctions it imposed upon Honduran goods. The immediate and future course of Central American integration may be influenced by the actions of these governments in the days ahead and that failure to respond appropriately could have important adverse affects.

Dominican Republic: During the CLAA conference, I met with President Fernandez of the Dominican Republic. He focused on their upcoming elections, stressing the need for U.S. assistance to ensure the credibility of the electoral process. Fernandez also expressed considerable interest in developing a Free Trade Zone near the border with Haiti, in an effort to promote and coordinate mutual economic development initiatives.

Peru: I met with newly appointed Prime Minister Alberto Bustamante early this week to discuss his new role and the preparations for Peru's elections in 2000. Bustamante noted that President Fujimori appointed him to his current position to oversee election issues. I congratulated him on his recent appointment and stressed that all elections must be conducted in transparent manner. I also noted that Peru has made a great deal of progress under President Fujimori, but democratic institutions must be strengthened to ensure freedom of the press and guarantee human rights.

Bolivia: I met with Ambassador Perez shortly before his departure from Washington. Perez assumes a Senate seat in the Bolivian Congress upon his return. I raised with him an effort sponsored by the Inter-American Dialogue that will bring legislators from the hemisphere together to discuss issues of common interest. As a former U.S. Congressman, I understand the importance of this effort and believe that if our Congress better understands the Americas and is in regular contact with their counter-parts in Latin parliaments, our relationship with the hemisphere will be further strengthened. I will keep you up-to-date on this developing initiative.

WTO: During the WTO, I met with Members of Congress and discussed the importance both of trade within the Western Hemisphere and of appropriately addressing the concerns of the demonstrators. The FTAA process serves as a useful model. The FTAA is one part of the Summit of Americas process which addresses trade, democracy, and social issues simultaneously. In addition to congressional meetings, Secretary Rodney Slater and I hosted two roundtable discussions on trade in the Americas with the heads of leading U.S. corporations and, later, with officials from Central American and Caribbean countries. Secretary Slater, Assistant Administrator Aida Alvares, and I also spoke to an audience of two hundred Latin America advocates, academics, and business leaders about Administration efforts in the Americas.

THE WHITE HOUSE

WASHINGTON

99 DEC 8 PM3:09

December 7, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Buddy MacKay *YHM*
Special Envoy for the Americas

SUBJ: Colombia Trip Report

I recently completed a trade/business focussed trip to Colombia that highlighted the positive elements of our relationship. My visit coincided with a saturation of media reports on the lack of Administration and Congressional action on Plan Colombia. Discouragement due to the perception of U.S. indifference to Colombia's immediate problems was palpable. Your telephone call to President Pastrana had a positive impact, but private sector confidence is waning and a number of the most creative business and professional leaders are considering leaving Colombia.

I reiterated your commitment to support President Pastrana and Plan Colombia, still it is evident that many Colombians are doubtful that actions (i.e. additional funding) will follow the promises of support. Making a special mention of Colombia in your year-end comments would be helpful in reaffirming your understanding of the magnitude of Colombia's problems and your willingness to support Pastrana. In addition, we should explore the viability of seeking bipartisan support for adding Colombia to CBI. A creative trade and investment package would help strengthen Colombia's depressed economy, as well as provide alternatives to drug related employment. As you have pointed-out, close cooperation with Congress is crucial in these efforts. I am ready to work with my former colleagues on Capitol Hill to ensure that the bipartisan support for Colombia results in a comprehensive package that benefits the Peace Process and the Colombian People.

Because of our focus on Colombia's drug trafficking problem, we are coming across as having primarily a negative agenda. The fact is that their potential is extraordinary. Colombia must develop greater confidence in order to move forward and strong bipartisan support from Washington is essential in helping Colombia achieve stability and, ultimately, peace.

CC:

The Vice President
John Podesta
Sandy Berger
Larry Stein
Josh Gotbaum

L

December 10, 1999

MEMORANDUM TO THE PRESIDENT AND VICE PRESIDENT

FROM: Minyon Moore

SUBJECT: Weekly Political Report

99 DEC 10 PM8:04

CALIFORNIA

Mayor Brown expected to win reelection next Tuesday. Mayor Brown (D) is expected to defeat Board of Supervisors President Tom Ammiano (D) next Tuesday in San Francisco's costliest mayoral election ever. According to tracking polls, Brown (D) leads Ammiano (D) by 20 points. His lead shrinks to 12-14%, however, among those most likely to vote.

Brown has raised more than three times as much money as Ammiano. Overall, Brown has raised \$3.1 million for his reelection bid. Ammiano, who came into the race late as a write-in candidate, has raised \$244,765. During the last reporting period (October 17-November 27), Brown raised \$840,775 and Ammiano raised \$240,018. At that rate, Brown raised \$20,018 a day to Ammiano's \$5,714. In addition, the business community and organized labor have contributed over \$1 million to independent expenditure committees that are supporting Brown separately from the official campaign. This soft money total is 800 times greater than the amount spent in the 1995 mayor's race.

On Thursday, the President taped two GOTV phone messages for the Brown campaign. That same day, former Secretary of State George Schultz came out for a Democrat for the first time in his life when he endorsed Brown for reelection. Mayor Frank Jordan announced that he would endorse neither candidate, even though he earlier had indicated that he would support Ammiano.

Former Rep. Jane Harman will try to regain her seat. On Tuesday, former Rep. Jane Harman (D) filed candidacy papers for the seat she gave up a year and a half ago to run for governor. She held the seat from 1992-1998 and is the Democrats' best hope to unseat Rep. Steve Kuykendall (R). Rep. Gephardt (D) persuaded Harman to enter the race by providing assurances that she would not lose the seniority she had achieved before she vacated the seat to run for governor.

Feinstein leads Campbell by 13 points but polls under 50%. A Zogby poll conducted November 17-19 that surveyed 1,006 likely voters showed Senator Dianne Feinstein (D) leading Rep. Tom Campbell (R) 49%-36%.

FLORIDA

Anti-affirmative action ballot initiative on hold. On Wednesday, the statewide petition drive to end race and gender preferences or affirmative action was put on hold, pending a decision on ballot language by the state Supreme Court. The Court will decide next spring whether the language meets the requirements of specificity in the state Constitution. The language was submitted by Ward Connerly, the California businessman leading the drive to ban racial and gender preferences in government hiring, contracting and university admissions. Connerly, who is overseeing the initiative in Florida, says he does not want to gather signatures to put the initiative on the ballot only to have the Supreme Court reject the language. With only a few months to gather the required 435,000 signatures, Connerly left open the possibility that the

initiative may not even appear on the 2000 ballot. Connerly is blaming the Florida political establishment for opposing his efforts, especially singling out Governor Jeb Bush (R).

Special state legislative session called regarding state executions. On Thursday, Governor Bush called for a special state legislative session next month to address the method of state executions. The special session will decide if condemned inmates should have a choice of death by either lethal injection or the electric chair. The last two executions have not gone well with the electric chair that was built in the 1920s, prompting public outcry of inhumane treatment.

GEORGIA

Businesses back Governor Barnes on education plans. On Thursday, Governor Roy Barnes (D) received the support of the top executives of 24 of Georgia's largest employers for his education overhaul plans. Governor Barnes proposes paying some teachers more than others, based on their performance and ability to teach subjects that are hard to fill. The chairmen and presidents of companies such as Home Depot, Chick-fil-A International, Georgia-Pacific Corp., Coca-Cola, and Delta Air Lines, have formed an organization they dubbed the Breakthrough Alliance. They met with Governor Barnes before holding a news conference announcing their organization.

IOWA

Governor Vilsack announces state legislative priorities. On Wednesday, Governor Tom Vilsack (D) discussed some of his state legislative priorities, including lowering the state's legal definition of intoxication and targeted income tax breaks. Vilsack wants to lower the legal definition of intoxication from a blood alcohol level of .10 to .08 in an effort to save lives and lower insurance rates. He will also ask the Legislature to approve targeted income-tax breaks for people in certain jobs, such as teachers and engineers, if they agree to serve in the state for a period of time.

MONTANA

Republican gubernatorial frontrunner now faces primary challenger. Last Friday, University of Montana law professor and 1996 Republican candidate for governor Rob Natelson (R) announced his challenge to Lt. Governor Judy Martz (R) for the Republican gubernatorial nomination. During the 1990s, Natelson has focused his political activities and academic work on cutting taxes and government spending. This week, Natelson picked up the endorsement of former Montana governor Stan Stephens (R), who served from 1989-1993. Martz said she welcomed the challenge. However, rather than saving her campaign funds and political capital waiting for one of the three Democratic candidates to emerge from their primary, she is now faced with a primary of her own.

NEW HAMPSHIRE

Special election results in Senate deadlock. On Tuesday, Thomas Eaton (R) defeated William Lynch (D) by 101 votes in a special state Senate election to replace the late Clesson "Junie" Blaisdell (D). That victory deadlocks the Senate with 12 Democrats and 12 Republicans.

Shaheen has comfortable lead in reelection race. A Mason-Dixon poll conducted November 30 – December 1 shows Governor Jeanne Shaheen (D) leading her two potential rivals for the 2000 gubernatorial race, former U.S. Senator Gordon Humphrey (R) and former Attorney General Jeffrey Howard (R).

General Election Matchups

Shaheen	47%	Shaheen	55%
Humphrey	31%	Howard	21%

The poll also shows that Shaheen's approval rating has gone down from 66% in March to 61% now, in part because 59% of respondents said they were not satisfied with the new statewide property tax system.

NORTH CAROLINA

Special Legislative Session regarding Hurricane Floyd recovery. On Wednesday, Governor Jim Hunt (D) called a special session of the General Assembly to convene on December 15 to seek additional state spending on Hurricane Floyd recovery in eastern North Carolina. Hunt administration officials have outlined an \$830 million recovery package to legislators that includes aid to flood-stricken homeowners, small businesses and farmers, as well as additional money for environmental cleanup and monitoring. Hunt said he will seek lawmakers' approval for use of \$286 million from the state's primary reserve account, known as the "rainy day fund," and \$40 million left unappropriated by the General Assembly last year. In an emergency session on Thursday, the Council of State (a 10 member panel of elected, executive branch officials) approved a request from Governor Hunt to redirect \$504 million from this year's state budget to Hurricane Floyd recovery programs. The action is the largest infusion of state relief dollars to date.

OHIO

State House approves prosecution of physicians who provide partial-birth abortions. On Wednesday, the state House of Representatives approved a measure allowing physicians to be prosecuted for performing partial-birth abortions. By a vote of 73-15, the bill allows law enforcement officials to charge physicians with a second-degree felony crime of partial-birth infanticide if the procedure is performed, unless it was necessary to save the life of the mother or prevent the mother from "serious risk of irreversible long-term health damage." However, the measure exempts women who undergo the procedure from prosecution. Though the measure has the backing of Governor Bob Taft (R), both sides of the debate were surprised by the wide margin of victory. The bill has been the center of controversy in recent weeks and some lawmakers believe the measure may not be considered by the state Senate until an anticipated U.S. Supreme Court ruling on the constitutionality of similar statutes passed by other states has been reached.

WASHINGTON

Governor Locke proposes additional school security spending. On Thursday, Governor Gary Locke (D) announced that he wants to spend an additional \$5.2 million to help schools hire more security guards. Locke said he will propose a long list of spending cuts next week when he unveils his supplemental budget plan, but added that preventing the violence seen in other states is a critical priority that deserves more funding. Locke also called on the legislature to pass a law that would require school districts to adopt written policies against bullying and harassment.

WISCONSIN

State school-aid formula. On Tuesday, a group of state lawmakers filed a brief asking the state Supreme Court to strike down the school-aid formula that the state government will use to appropriate its \$4.69 billion budget in the upcoming fiscal year. This action was taken as the Court prepares to hear arguments on a lawsuit filed by 100 local school districts claiming the existing formula unfairly grants wealthy districts additional funding, while punishing poorer

school districts. The brief filed by the lawmakers also asked the Court to develop specific guidelines to fix the problem. This case comes before the Court at a time when 12 other state Supreme Courts have already ordered their respective legislatures to recalculate their school-aid formulas. Governor Tommy Thompson (R) has filed his own legal brief defending the status quo and asking the Court to allow the legislature to decide if the existing formula needs modification.

LABOR

New president for Laborers Union International. On Monday, Laborers Union International President Arthur Coia announced his resignation. Coia will become the Laborers General President Emeritus and continue to draw a salary from the union. He will be succeeded by Terrence O'Sullivan, who has been a strong Coia ally in the union for years.

BUSINESS

BRT airs ads on behalf of targeted Republican Senators. On Monday, the Business Round Table (BRT) began an early television effort on behalf of Senators Spencer Abraham (R-MI), John Ashcroft (R-MO), James Jeffords (R-VT), and Olympia Snowe (R-ME) and Susan Collins (R-ME), asking voters to "thank" them for their votes on health care reform legislation this year. In July, these five Senators joined other Republicans in blocking a series of health care proposals backed by Democrats, including the Patients Bill of Rights, a measure vigorously opposed by business groups. All of the senators, except for Collins, are up for reelection next year. The ads cost the BRT about \$500,000.

WHITE HOUSE 2000

McCain and Bradley agree to joint appearance. On December 9, the McCain and Bradley campaigns announced that they will appear together next week at a campaign finance reform event in New Hampshire. The event is tentatively scheduled for next Thursday in Claremont, the site at which then-Speaker Newt Gingrich and President Clinton shook hands on a pledge to create a commission to study the overhaul of the campaign finance system. Bradley and McCain disagree on how the system should be changed, but they agree on banning soft money.

Republicans "play nice" in Arizona debate. On Monday, Republicans debated for the second week in a row. This time, however, all six Republican candidates had a chance to directly confront each other through a segment that allowed candidates to ask two questions to an opposing candidate. However, the debate broke little new ground as the candidates failed to engage each other in anything but polite talk about general policy issues. Governor George W. Bush's performance has been characterized as rote and unpolished, and has raised some concern in the party. However, Bush did not make any mistakes, which is seen as his goal. Bush's main rival, Senator John McCain, was able to create a contrast to Bush by speaking comfortably, affably and intelligently.

McCain continues rise in New Hampshire polls. Recent New Hampshire polling has McCain building on his new lead in the polls. In one poll, McCain has built a 15% lead over Bush (43%-28%.) In fact, all three polls released this week show McCain in the lead. (Details for these polls and other polling data included in next section.) This poll is in contrast to the 30% lead Bush enjoyed just a few months ago. Analysts cite a number of factors for McCain's lead: 1) Bush's compassionate conservative message does not appeal strongly to the Republican party base; 2) Bush's relatively infrequent visits to New Hampshire; 3) Bush's lackluster debate performance; and 4) New Hampshire's penchant for independents and mavericks.

Gore and Bradley continue to exchange blows - this week on taxes. This week brought another round of skirmishes between the Gore and Bradley campaigns. Gore has halted his slide in the polls and is pulling back even with Bradley in states like New Hampshire and New York, where he was trailing. On Thursday, the Vice President sent an e-mail from the Cyberstop Cafe in Washington to Bradley asking him to explain how his health plan would ensure the future of Medicare. The Vice President has criticized Bradley in speeches, on the Internet and in editorial interviews asserting that Bradley would have to raise taxes and therefore put the nation's vibrant economy at risk to pay for a "deeply flawed" health care plan. Further, the Vice President contends that Bradley would eliminate Medicaid, raise taxes and abolish national nursing home standards.

This week, Bradley found himself defending his decision not to rule out a tax increase. (Last week, Bradley told *Washington Post* editors that he felt so strongly about the need to expand health care coverage that he was prepared to raise taxes to pay for it.) Attempting to draw a sharp distinction with Bradley, the Vice President noted: "I'm talking about tax cuts, Senator Bradley is talking about tax increases."

Independent Voters Rise in New Hampshire. According to New Hampshire Secretary of State William Gardner (R), there are now more "undeclareds" or independents in the state than Republicans. The trend has been dramatic, and analysts believe that this movement shows that New Hampshire voters are seeking alternatives to the consensus candidates of their party's base. Since 1990, the number of registered Democrats has grown by only 5,000, to 197,816. Republican ranks have increased by 12,000, to 265,679. Yet, Independents have grown by 62,000, to 274,927. In fact, 80% of all newly registered voters register as Independent. Overall, the electorate now stands at 37% Independent, 36% Republican and 27% Democratic.

However, while the numbers of Independents has greatly increased, the voting patterns have roughly remained the same. The overwhelming majority of "undeclared" voters describe themselves as having clear partisan leanings. Analysts have found that only 20% of Independents are true independents, without any leaning to the Democrats or Republicans. The other 80% express clear preference for the Democrats or Republicans – and they split almost evenly.

Independents More Likely to Use Internet to Research Candidates. On December 7, Democracy Online Project at the Graduate School of Political Management of George Washington University found that political independents are more likely than Democrats or Republicans to use the Internet to learn about candidates and that Democrats use the Internet least of all. The poll found that of respondents who said they paid close attention to government, 37% of the independents had used the Internet for political information, compared with 31% of Republicans and 22% of Democrats." About 22% of all respondents had gone online for political information.

Endorsements

Gore: Former Secretary of the Treasury Robert Rubin and New Hampshire Governor Jeanne Shaheen (D).

Bradley: U.S. Reps George Miller (D), Pete Stark (D) and Jim McDermott (D).

Bush: 80 New Hampshire police chiefs, sheriffs and law enforcement officials.

POLL UPDATE

New Hampshire Primary Polls

The most recent polls have McCain with leads of 15% (*WNDS-TV/Franklin Pierce College*) and 7% (*American Research Group*). Other polls taken last weekend by different sources show a much tighter race of 3%-5% (*Reuters/WHDH-TV, Quinnipiac College, Boston Herald, and Newsweek.*)

	Franklin <u>12/5-8</u>	ARG <u>12/3-7</u>	Reuters <u>12/4-5</u>	Quinnipiac <u>12/3-5</u>	Herald <u>12/3-4</u>	Nwsk <u>12/2-3</u>
McCain	43%	37%	35%	36%	33%	33%
Bush	28%	30%	32%	37%	34%	38%
Forbes	10%	10%	12%	9%	11%	13%
Keyes	4%	5%	5%	3%	n/a	5%
Bauer	1%	1%	1%	6%	n/a	2%
Hatch	1%	1%	1%	1%	n/a	1%
Undec.	12%	16%	14%	8%	n/a	8%

In the Democratic primary, the overall trend is that of tightening in the race as Gore attacks Bradley's health care plan. This weeks' polls range from even to an 8% Bradley lead. To illustrate a race that many believe is tightening after Bradley having the momentum, analysts point to the *Boston Globe* poll (released on Friday) and the Quinnipiac College poll that show Gore in a statistical dead heat. Further, a closer look at the *Globe* poll reveals that registered Democrats favor Gore 50%-37%, but Independents prefer Bradley 58%-26%. A critical factor on primary day is whether these Independents will vote in the Republican or Democratic primary. (They can only vote in one primary.) If Independents vote for McCain, then Bradley would see much of his support erode.

	Globe <u>12/4-7</u>	Franklin <u>12/5-8</u>	ARG <u>12/3-7</u>	Reuters <u>12/4-5</u>	Quinni <u>12/3-5</u>	Nwsk <u>12/2-3</u>
Bradley	43%	45%	44%	48%	43%	47%
Gore	43%	37%	40%	42%	42%	40%
Undec.	13%	17%	16%	10%	14%	13%

National Primary Poll

In national polls, the party frontrunners continue to hold sizable leads. A recent Fox News/Opinion Dynamics poll (conducted December 6-7) shows Bush and Gore maintaining big leads nationally.

	Fox <u></u>		Fox <u></u>
Bush	65%	Gore	58%
McCain	14%	Bradley	31%
Forbes	4%	Undec.	11%
Keyes	2%		
Hatch	2%		
Bauer	1%		
Other	1%		
Undec.	11%		

General Election Polls

General election polls continue to show Bush leading Gore and Bradley with a smaller lead over Bradley. The Fox and Quinnipiac polls show Bush leading Gore by 17% and 9%, respectively, and Bush leading Bradley by 13% and 6%, respectively. The two polls show very different results in a McCain-Gore match up. Fox shows a statistical dead heat, while Quinnipiac has McCain up by 14% over Gore.

	<u>Fox News</u>	<u>Quinnipiac</u>		<u>Fox News</u>	<u>Quinnipiac</u>
Bush	53%	47%	McCain	41%	54%
Gore	36%	38%	Gore	42%	30%
Undec.	11%	---	Undec.	17%	---
Bush	49%	46%	McCain	38%	45%
Bradley	36%	40%	Bradley	34%	35%
Undec.	15%	---	Undec.	28%	---

Generic Congressional Polls

Over the past few weeks a number of generic Congressional polls were conducted that show mixed results in the upcoming battle for Congress. Three polls show the Democrats with a 4%-6% lead, while two polls show Republicans with a 1%-6% advantage.

	<u>LAT</u>	<u>CNN</u>	<u>AP</u>	<u>FOX</u>	<u>ZOGBY</u>
	<u>11/13-18</u>	<u>11/18-21</u>	<u>11/19-23</u>	<u>11/17-18</u>	<u>11/20-22</u>
DEM	47%	47%	39%	36%	32%
GOP	41%	43%	33%	42%	33%

THE WEEK AHEAD

On Saturday, the President and Vice President will travel to Florida for the state Democratic convention in Orlando. Bill Bradley will also attend the convention. The President will continue on to Ft. Lauderdale for a fundraiser benefiting Rep. Alcee Hastings and to Miami for a DCCC/DSCC dinner.

On Monday, the President will travel to Houston for fundraisers benefiting Rep. Sheila Jackson-Lee, the DCCC, and the Texas Trial Lawyers Legislative Victory Fund.

On Monday, the First Lady will travel to Rhode Island for a school violence event and a campaign fundraiser.

On Tuesday, the Vice President will campaign in New Hampshire.

On Thursday, the President will address the DNC Gay and Lesbian lunch in Washington, D.C.

On Thursday and Friday the Vice President and Mrs. Gore will campaign in New Hampshire.

***Correction:** Maryland Senator Paul Sarbanes (D) was inadvertently left off the 2000 elections chart attached to last week's report.

THE WHITE HOUSE
WASHINGTON

December 10, 1999

MEMORANDUM FOR JOHN D. PODESTA
CHIEF OF STAFF TO THE PRESIDENT

FROM: MARK F. LINDSAY *Budley J. Kiley for Mark F. Lindsay*
ASSISTANT TO THE PRESIDENT FOR
MANAGEMENT AND ADMINISTRATION

SUBJECT: Weekly Report

Information Systems & Technology:

- *Y2k Status Update* - We are coordinating final details in preparation for Y2K. The Executive Office of the President is 100 percent compliant on all Mission Critical systems. In addition, the EOP is marking another major milestone by achieving 90 percent compliance on Mission Support systems. However, the Office of the Vice President vetting system remains in jeopardy. The issue has been discussed with the OVP staff, and the agency's BCCP plan has been studied in the event that the system is not completed in a timely manner.
- *BCCP Briefing* - IS&T conducted a Business Continuity and Contingency Plan meeting this week with representatives from the Executive Office of the President. The briefing provided valuable information regarding the Incident Response Center, the Management and Administration Operations Center and the Incident Control Center. In addition, the briefing included input and instructions from OA's Procurement Branch, the Security Division, the U.S. Secret Service and the Facilities Division.
- *ICC Connection to the EOP Network* - The Information Systems and Technology Division coordinated with the Incident Control Center staff to provide EOP network access from the ICC. Currently, Bell Atlantic is working to install the proper data line to accomplish this task. It is anticipated that the network addition should be fully functional by close of business this week, allowing Mr. Koskinen and his staff to move to the H Street site on December 13, 1999, as originally scheduled.
- *West Wing Network* - The evaluation of the design solution to address prolonged intermittent system failures on the EOP network in the West Wing has been completed. A project plan and schedule for the implementation of the design solution has also been developed. The project has been given high priority, and it is anticipated that implementation can be completed by January or February 2000.

Office of the General Counsel:

- *Annual Ethics Training* - The Office of the General Counsel has scheduled annual Ethics Briefings for all EOP staff. The briefings are designed to ensure that employees are aware of the various rules that form the standards of ethical conduct for employees of the Executive Branch. The briefings are scheduled through December 16, 1999

Facilities:

- *Y2k Preparation* - In conjunction with plans for Y2K emergencies, we are conducting generator testing with a target completion date of December 12, 1999. In addition, all fuel tanks will be topped-off during the week of December 12, 1999. We have also reserved a contingency room for the M&A Ops Center in case of a power outage.

Human Resources:

- *Health Benefits Open Season* - Human Resources distributed reminders to all EOP employees regarding them of the close of this year's health benefits open season. The closing date is Monday, December 13, 1999.
- *Thrift Savings Plan Guidance* - We prepared a notice to EOP staff whose annual salary is \$100,000 or greater, in order to provide guidance on the Thrift Savings Plan. The notification provides an opportunity for staff to request changes prior to the end of the Open Season on January 31, 2000.

Military Office:

- *Millennium Force Protection Assessment* - The White House Military Office Security Advisor has completed a Millennium Assessment. The assessment identifies both international and domestic threats. In summary, the high degree of focus and work that has been accomplished on the Y2K issue has made it unlikely that there will be major national failures in the US related to the year 2000 date change. However, some systems will experience difficulties and limited disruptions may occur. Finally, extremists from various ideological perspectives attach significance to the arrival for the year 2000, and there are some signs of preparations for violence. To date no local threats have been identified.

White House Operations:

- *State of the Union Preparations* - This week we held an initial meeting with the Communications Office to outline possible requirements for Room 1 involvement with the State of the Union Address. They requested the same requirements as last year. We plan on gearing up in order to ensure all requirements are met. The point of contact for Room 1 support will be John Liipfert with Faye Granger's oversight. The State of Union covers will be coordinated between the various offices in order to gain approval and be ready for printing by January 3, 2000. Graphics is working to provide us with designs and an estimate on printing the covers and booklets. They will be sending out a variety of draft design covers for comments and are looking at December 29, 1999 for all responses.