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TALKING IT OVER

BY HILLARY RODHAM CLINTON

RELEASE: WEDNESDAY, OCTOBER 14, 1998, AND THEREAFTER

Parents who work hard and play by the rules should not have to raise their children in poverty.

Yet, for millions of Americans in minimum-wage jobs -- custodians and department-store clerks, home health-care aides and child-care workers -- as hard as they work, they still struggle to stay afloat. It's time to give them a raise.

It's time to give Diane Mitchell of Brockton, Mass., a raise. Diane, a single mother of three, earns $5.90 an hour at an industrial laundry. She explains that making ends meet is a "constant struggle. Last month, I had my electricity turned off because I had to pay my gas bill. I'm always juggling food and utilities."

Diane knows that an increase of $40 a week doesn't sound like much to most people, but it is very important for her and her family. She won't have to choose between paying the electric bill and the gas bill, and she'll be able to feed her family throughout the month.

It's time to give Cathy Adams, a mother of two daughters, ages 10 and 11, and a home health aide from Viola, Ill., a raise. Cathy works over 11 hours a day, five days a week, caring for a woman with multiple sclerosis. She bathes her, dresses her and feeds her. She does her grocery shopping, laundry and cleaning. She runs errands and schedules doctor's appointments. Cathy likes her job but finds it hard to live on $5.30 an hour. "I literally live paycheck to paycheck," she says. "After paying the bills, whatever is left over goes to groceries. I have $9 in my savings account and worry about being able to save for my girls' education."

Cathy and Diane are not alone. That is why I was so disappointed last month when almost every Republican Senator voted against my husband's proposal to increase the minimum wage from $5.15 to $6.15 over the next two years -- a proposal that would affect 12 million Americans. For those who work full time, this increase would add $2,000 per year to their paychecks.

Let's talk about what $2,000 a year can mean to a family getting by on a minimum-wage paycheck: It can mean over half a year of groceries or seven months of rent. It can mean a year and a half of tuition and fees at a two-year college or more than 15 months of utilities.

Our economy is the strongest it's been in a generation. Since my husband took office, more than 16.7 million jobs have been created. Inflation is down, and unemployment has dropped to its lowest level in 28 years.

Our prosperity is causing incomes to rise and lifting millions out of poverty. Since 1993, when the President launched his economic plan, the typical American family's income has risen more than $3,500, and the overall poverty rate has fallen to 13.3 percent.

Americans at the bottom of the income ladder have done the best, thanks in large measure to the last boost in the minimum wage -- from $4.25 to $5.15 an hour -- which the President signed into law in 1996.

Combined with the expanded Earned Income Tax Credit, a tax cut for working families, this increase raised a full-time worker's annual income from about $10,000 to over $13,000. This is the good news.

The bad news is that there are still millions of workers in this country trying to raise a family and struggling to pay their bills -- workers like Cathy and Diane.

After the 1996 wage boost, 10 million American workers got a raise, and despite the dire predictions of some critics, millions of new jobs were created, and the unemployment rate fell dramatically. For teenagers, African Americans and women, employment rates have risen.

The minimum wage is a women's issue, a children's issue, a civil rights issue, a labor issue, a family issue. Above all, it is a fairness issue, a dignity issue and an issue of responsibility. The wealthiest nation on Earth can afford to do better for its citizens.

A vote against increasing the minimum wage at a time when we have low unemployment and low inflation -- when our prosperity and our economic policies are beginning to improve the lives of millions -- is wrong. We should not deny any American who works hard and pays taxes the opportunity to participate in our prosperity.

The President has said, "If we value work and we value family, we should increase the value of the minimum wage." This is why he will continue to fight to increase the minimum wage and why I hope every member of Congress will support him.

To find out more about Hillary Rodham Clinton and read her past columns, visit the Creators Syndicate web page at www.creators.com.

GOOD NEWS FOR LOW INCOME FAMILIES: EXPANSIONS IN THE EARNED INCOME TAX CREDIT AND THE MINIMUM WAGE

December 1998

A report by
The Council of Economic Advisers

EXECUTIVE SUMMARY

- The strongest labor market in a generation has resulted in particularly large gains among low-wage and disadvantaged workers. From 1979 to 1993, the real wages of low-wage workers fell sharply. Recently, however, low-wage workers have experienced large increases in real wages: For low-wage men, wages are up since 1996 by 5.7 percent after inflation. And for low-wage women, real wages have risen 6.1 percent.

- These strong wage gains have been accompanied by a steep decline in unemployment for low-skilled workers. In 1993, 11.1 percent of workers without a high school degree were unemployed; today that rate has fallen to 7.2 percent. Among high school graduates (with no college), the rate has fallen from 6.6 to 3.9 percent. Low-wage workers are thus gaining both by working more and by earning more for every hour that they work.

- The effects of a strong economy have been reinforced by successful policies designed to make work pay. Expansions in the Earned Income Tax Credit (EITC) since 1993 are supplementing the incomes of low-wage working parents. The EITC is one of our most successful programs for fighting poverty and encouraging work:

  <u>Lifts more than 4 million Americans out of poverty</u>. The EITC lifted 4.3 million Americans out of poverty in 1997 -- more than double the number in 1993.

  <u>Dramatically reduces child poverty</u>. In 1997, the EITC reduced the number of children living in poverty by 2.2 million. This report finds that over half of the decline in child poverty between 1993 and 1997 can be explained by changes in taxes, most importantly the EITC.

  <u>Encourages work among single women with children</u>. In 1992, 73.7 percent of single women with children were in the labor force. In 1997, 84.2 percent of such women were in the labor force. The percentage of single women with children who received welfare and did not work has been cut by more than half -- from 19.3 percent in 1992 to 8.3 percent in 1997. Research studies suggest that the increase in labor force participation among single mothers is strongly linked to the expansion in the EITC.

- Increases in the minimum wage have been important in raising the earnings of low-wage workers. Empirical research suggests that recent minimum wage increases have had little or no adverse effect on employment.

- The combined effects of the minimum wage and the EITC have dramatically increased the returns to work for families with children. Between 1993 and 1997, families with one child and one earner who worked full-time at the minimum wage (i.e., $4.72 in 1993 and $5.15 in 1997, in 1997 dollars) experienced a 14 percent -- $1,402 -- increase in their income, after inflation, just because of these two policies alone. Similar families with two children experienced a 27 percent -- $2,761 -- increase in their income.

Good News for Low Income Families: Expansions in the Earned Income Tax Credit and the Minimum Wage

1. The Labor Market Continues to Perform at a Record Pace

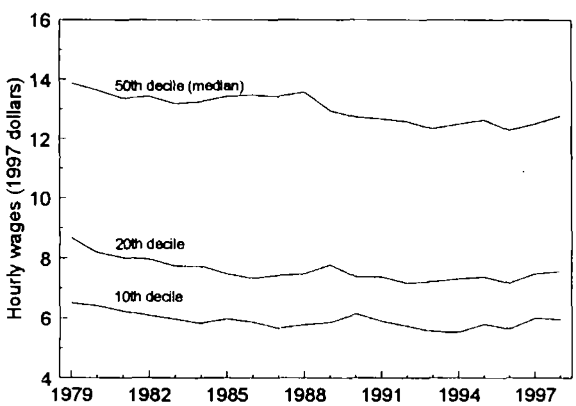
American workers are currently benefiting from the strongest labor market in a generation. Employment is at an all-time high, with 132 million Americans at work in November 1998, up from 119 million in January of 1993. Only 4.4 percent of the labor force is unemployed, having fallen by 2.9 percentage points since this Administration took office; the unemployment rate is now at its lowest level since 1969. Moreover, wages of workers are up sharply in the past several years, with a gain in median wages (after inflation) of 4.4 percent from 1996 through August of this year. As this report indicates, these gains are particularly strong among low-wage and disadvantaged workers, following more than a decade of labor market losses. Administration policies have been important in helping those at the bottom end of the labor market begin to catch up and share in the overall economic growth of the 1990s.

2. Low-Wage and Disadvantaged Workers are Making Particularly Large Gains

Low-wage and disadvantaged workers have experienced substantial gains in wages and employment. The real wages of low-wage male workers have shown large increases in the past few years, in contrast to the period from 1979 to 1993, when they declined by 14.7 percent. (We define low-wage as those workers at the bottom decile of the wage distribution.) Among low-wage women, the decline was 15.8 percent over this period. Charts 1 and 2 show recent significant improvements in real wages among all workers, but with particularly large gains among the lowest paid. Since 1996, men in the bottom decile have increased their earnings by 5.7 percent after inflation (Chart 1), while women have gained 6.1 percent (Chart 2).

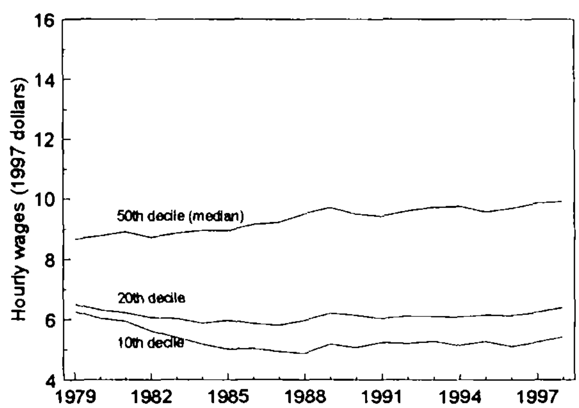
At the same time, unemployment rates among the least skilled have plummeted. When this Administration took office in 1993, 11.1 percent of workers without a high school degree were unemployed; today that rate has fallen to 7.2 percent. Among high school graduates (with no college), the rate has fallen from 6.6 to 3.9 percent. Hence, low-wage workers are working more and earning more for every hour that they work.

Chart 1: Hourly Wages of Men Aged 16 and Over



Note: 1998 figure is the January through August average.

Chart 2: Hourly Wages of Women Aged 16 and Over



Note: 1998 figure is the January through August average.

One group in particular -- single mothers -- has also experienced significant increases in labor force participation during this time period. Labor force participation rates among single mothers began to climb in 1993 after remaining essentially unchanged at 74 percent since 1984. By 1997, 84 percent of single mothers were in the labor force, a marked change for a group that has traditionally had extremely high rates of poverty and welfare usage.

3. Administration Policies Have Played a Key Role in These Gains

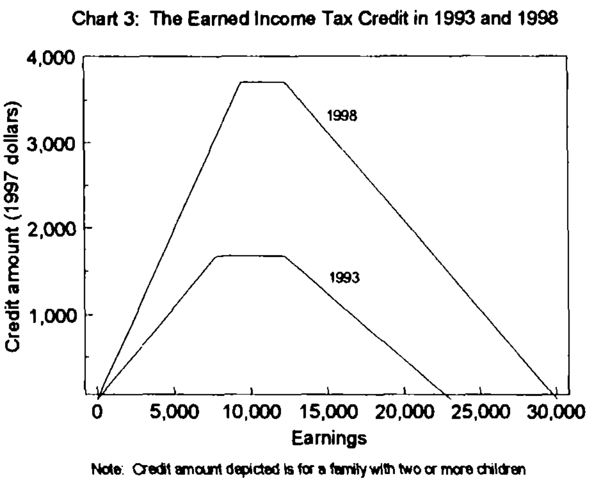
The strong overall economy has been an important factor in increasing the wages and employment of less-skilled workers. Typically, employment among workers with less education is more sensitive to changes in the economy, with larger gains in recoveries and larger losses in downturns. This Administration has worked hard to maintain an environment in which economic growth can flourish and American businesses can compete fairly, both at home and abroad. However, the strong economy is not the only reason for these gains among less skilled workers. Administration policies to "make work pay" by expanding the Earned Income Tax Credit and raising the minimum wage have also been important.

3.1 Expanding the Earned Income Tax Credit

Description of the EITC

The goals of the Earned Income Tax Credit (EITC) are to make work pay, to help ensure that working parents do not have to raise their children in poverty, and to offset the total tax burden of low and moderate income working families. As a result, the EITC eases the transition from welfare to work. To achieve these goals, the EITC consists of a refundable tax credit for working families with low incomes that offsets a family's total tax burden. Because the credit is refundable, individuals can receive the full amount to which they are entitled even if the amount exceeds the individual income taxes they owe. About 80 percent of EITC payments offset individual income, social security, and other Federal taxes borne by families receiving the credit.

Only families that work are eligible for the tax credit, and the amount of the credit depends on a family's labor market earnings. In 1998, for every dollar a low-income worker earns up to an established limit, as much as 40 cents is added to compensation in the form of a tax credit. In particular, the amount of the credit rises with earnings up to a maximum credit of $2,271 for a family with one child and $3,756 for a family with two or more children. The credit is flat for a range of earnings and then is phased out.



The EITC was significantly expanded in the Omnibus Budget Reconciliation Acts (OBRA) of 1990 and 1993. As a consequence of these expansions, the EITC now provides a greater incentive for labor force participation than in 1993. In 1993, very low-income parents receive an additional 19 to 20 cents for each additional dollar earned. In 1998, a very low income parent with one child will receive 34 cents for additional earnings; if he or she has two children, the EITC will add 40 cents to their take-home pay (Chart 3).

OBRA 1993 significantly increased the credit for families with two or more children. The maximum credit was increased by over $1,500 (1998 dollars), while eligibility for the credit was extended to families with incomes up to $30,050 (or about $3,600 above the prior law level). In addition, the 1993 expansion helped lower taxes for 15 million working families in 1996.

About 19.7 million workers are expected to claim the EITC in tax year 1998, receiving an average credit of $1,547. About 16.5 million of these claims will be for workers living with children, who will receive an average credit of $1,807.

The EITC is a non-bureaucratic way to reward work effort. There are no middlemen service providers, no long lines at government offices, and there is no need to take time off from work to apply for the credit. Working families apply directly to the Internal Revenue Service for the EITC and generally receive the credit as part of their tax refund.

Participation in the EITC

While the EITC offers a substantial incentive to work and move out of poverty, the credit is effective if low-income families apply for it. A relatively high fraction of families eligible for the EITC -- 81 to 86 percent in 1990 -- have claimed the credit.[1] The participation rate has been substantially higher than those for other antipoverty programs, including AFDC (62 to 72 percent in 1986/87), and Food Stamps (54 to 66 percent in 1986/87).[2]

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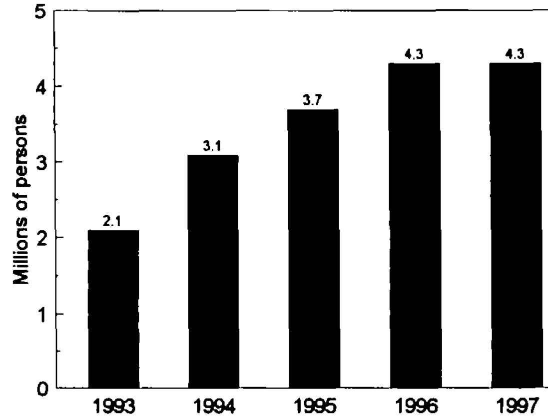
[1]Scholz, J.K. (1994). "The Earned Income Tax Credit: Participation, Compliance, and Antipoverty Effectiveness." *National Tax Journal,* 59-81.

[2]Blank, R. and P. Ruggles (1996). "When Do Women Use AFDC and Food Stamps? The Dynamics of Eligibility vs. Participation." *Journal of Human Resources*, 57-89.

The EITC has reduced poverty

The EITC is targeted to families living in poverty with the goal of lifting their income above the poverty line. As shown in Chart 4, the latest estimate from the Census Bureau shows that the EITC removed 4.3 million persons from poverty in 1997, which is more than double the number who were removed from poverty in 1993.

Chart 4: Number of People Removed from Poverty by the EITC



Over half of the people removed from poverty by the EITC (2.2 million) were children under the age of 18, and 1.8 million were living in families headed by unmarried women. Updating analyses reported in the 1998 Economic Report of the President, it is found that over half of the decline in child poverty between 1993 and 1997 can be explained by changes in taxes, most importantly the EITC (Table 1). In addition, the EITC removed about 1.1 million African-Americans and nearly 1.2 million persons of Hispanic origin from poverty in 1997. It is clear that the EITC has become a major weapon in our fight against poverty.

The EITC has increased the labor force participation of single mothers

Between 1993 and 1997, the real value of the maximum EITC payment increased by 38 percent for single mothers with one child and by 116 percent for single mothers with two or more children.[3] These increases coincided with the period when the proportion of single mothers in the labor force increased dramatically, from 73.7 percent in 1992 to 84.2 percent in 1997.

In contrast, the labor force participation of single women without children -- who became eligible for a very small credit in 1994 if their earnings were very low -- did not change over this period (Chart 5). As Chart 6 indicates, the difference in the labor force participation rates of single women with and without children has closely tracked the growth in maximum EITC

Chart 5: Labor Force Participation Rates of Single Women With and Without Children

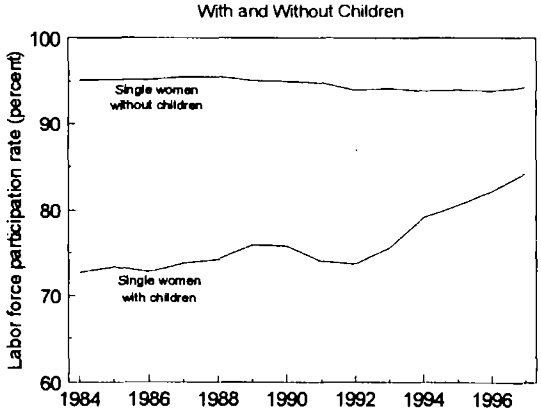
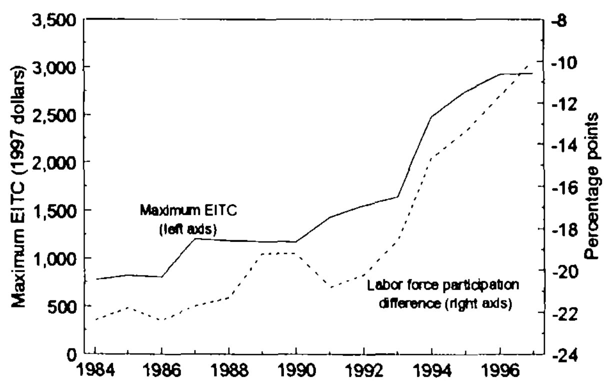


Chart 6: Maximum EITC and Difference in Labor Force Participation Between Single Women With and Without Children



Note: After 1990, the maximum EITC is the average of the maximum for taxpayers with one child and with more than one child

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[3]The same numbers apply to two-parent families.

benefits.[4]

One recent study concluded that as much as 60 percent of the increase in employment of single mothers since 1984 was attributable to expansions in the EITC.[5] For the period between 1992 and 1996, the EITC explains 33 percent of the increase in annual employment. A second study examined the 1986 EITC expansion, which was more modest than the 1993 expansion, and found that it significantly increased labor force participation among single mothers, especially for less educated women.[6] Yet another study found that the EITC could result in an increase in labor supply of 19.9 million hours in 1996 relative to 1993 law and induce 516,000 families to move from welfare into the workforce.[7]

EITC benefits for married couples are based on the combined earnings of both husband and wife. Hence, married couples are more likely than single parent families to fall in the range of earnings where the EITC is being phased out. This has caused some researchers to predict that the EITC might cause a decrease in hours of work among married couples. However, the limited available evidence suggests that the expansions in 1986, 1990, and 1993 had modest disincentive effects of 1.2 percentage points on labor force participation of wives, and they actually had a small positive effect on married men (of 0.2 percentage points).[8]

How is the extra income from the EITC being used?

Most families receive their EITC dollars at tax payment time, in the form of a larger refund. A recent study interviewed low-income workers who had gone to a volunteer tax preparation office in Chicago for assistance with their tax return. The study asked the workers what they planned to do with the EITC they were expecting to receive and found that 61 percent planned to use at least some of their refund for investment purposes, such as to pay for education (9 percent), repair, buy, or finance a car (10 percent), or to pay for a move (5 percent). Twenty-

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[4]Liebman, J.B. (1998). "The Impact of the Earned Income Tax Credit on Incentives and Income Distribution." *Tax Policy and the Economy*, 12, 83-119.

[5]Meyer, B., and D.T. Rosenbaum (1998). "Welfare, the Earned Income Tax Credit, and the Employment of Single Mothers." Department of Economics, Northwestern University.

[6]Eissa, N. and J.B. Liebman (1996). "Labor Supply Response to the Earned Income Tax Credit." *Quarterly Journal of Economics*, 111(2): 605-637.

[7]Dickert, S., S. Houser, and J.K. Scholz (1995). "The Earned Income Tax Credit and Transfer Programs: A Study of Labor Market and Program Participation." *Tax Policy and the Economy*, 9, 1-50.

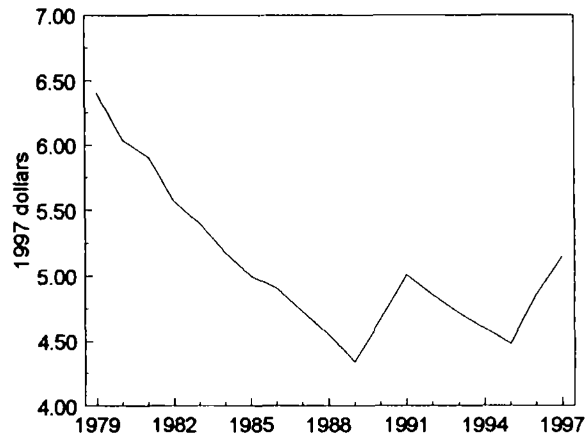
[8]Eissa, N. and H.W. Hoynes (1998). "The Earned Income Tax Credit and the Labor Supply of Married Couples." Department of Economics, University of California, Berkeley.

eight percent said they were saving at least some of the EITC for future use.[9]

3.2 Increasing the Minimum Wage

The Administration has fought for increases in the minimum wage, and on October 1, 1996 the rate was raised from $4.25 to $4.75. The rate was increased again to $5.15 on September 1, 1997. Prior to these increases, it had been five years since the minimum wage was last raised, and its real value had decreased by 15 percent (Chart 7).

Chart 7: The Real Value of the Minimum Wage



As shown in Charts 1 and 2, the wages of low-wage workers increased substantially since 1996, and the recent minimum wage increases are likely to explain much of this rise. It has been estimated that almost 10 million workers benefited from the recent minimum wage hikes.[10]

Most of the workers benefiting from the wage increases are adults from lower income families, and their wages are a major source of their family's earnings. Among workers who were earning between $4.25 and $5.15 just prior to the minimum wage increases, 71 percent were adults (20 or older), 58 percent were women, and one-third were black or Hispanic workers. Almost half of the affected workers (46 percent) worked full-time, and most of the low-wage workers were in low-income households. That is, over half of the benefits from the minimum wage increases were received by households in the bottom 40 percent of the income distribution. And in 1997, the earnings of the average minimum wage worker accounted for 54 percent of their family's total earnings.

One of the potential side effects of increasing the minimum wage is a reduction in employment. That is, with labor more expensive, some firms may hire fewer workers. Many empirical studies have examined this issue, and the weight of the evidence suggests that modest increases in the minimum wage have had very little or no effect on employment. In fact, a recent study of the 1996-97 wage increases used several different methods and found that the employment effects were statistically insignificant. Moreover, the unemployment rates of African-American teens and high school dropouts, who are two groups of workers most likely to be

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[9]Smeeding, T., K. Ross, M. O'Connor, and M. Simon (1998). "The Economic Impact of the Earned Income Tax Credit (EITC)." Center for Policy Research, Maxwell School of Public Policy, Syracuse University.

[10]This finding, and the subsequent two paragraphs are based on: Bernstein, J., and J. Schmitt (1998). *Making Work Pay: The Impact of the 1996-97 Minimum Wage Increase*. Economic Policy Institute, Washington, D.C.

affected by the wage hike, are lower today than they were just prior to the increases.

4. The Combined Effects of EITC and Minimum Wage Expansions

Increases in the minimum wage and expansions in the EITC reinforce each other. Among low-wage workers, these changes have produced substantial increases in income. Table 2 demonstrates the combined effect of the two policies (after inflation), comparing 1993 and 1997 (as if the minimum wage was in effect the full year). During this period the minimum wage rose by 9 percent, while the maximum EITC credit rose by 38 percent for one-child families (116 percent for two-child families). For families with one earner working full-time at the minimum wage, their combined earnings-plus-tax refund would have risen 14 percent if they had one child (27 percent if they had two or more children). This is a significant gain in real purchasing power among these parents.

As the bottom of Table 2 demonstrates, full-time work at the minimum wage no longer leaves families below the poverty line. As a result of these policy changes, one and two-child families with a single full-time minimum wage worker now earn enough to escape poverty.

5. Conclusion

The past several years have been very good ones for less-skilled workers in the labor market. Wages are up and unemployment is down. Among single mothers, many more are participating in the labor market, while welfare caseloads have declined steeply. The research evidence indicates that these gains partially reflect the strong economy, but that the gains have been reinforced by Administration policies that have increased the financial rewards for low-wage and less skilled persons to work.

Providing the economic incentives to work are an important legacy of this Administration. These gains mesh well with other goals this Administration has pursued, such as adequate child care for the children of working mothers and available training for those workers who want to increase their skills and work opportunities. In the long run, a healthy strong economy must rely on a trained and hard-working labor force, with opportunities for both the more and less educated. There has been real progress toward this goal in recent years.

Table 1. Factors Accounting for Changes in Child Poverty

	1979-97	1979-89	1989-93	1993-97
Changes to official poverty rate attributable to changes in:				
Family structure	2.1%	1.2%	0.8%	0.3%
Earnings and other before-tax-and-after income	1.4%	1.1%	3.5%	-3.6%
Cash social insurance and welfare payments	0.3%	1.0%	-1.1%	0.5%
Total change in official poverty measure	3.8%	3.2%	3.1%	-2.8%
Change in extended poverty rate attributable to changes in:				
Means-tested food and housing transfers	0.4%	0.4%	-0.3%	0.4%
Taxes	-2.3%	0.3%	0.0%	-2.6%
Total change in extended poverty rate	1.9%	4.0%	2.9%	-5.0%

Table 2. The Effects of Changing Minimum Wage and EITC on Earnings of Single Parents
(All numbers in $1997)

	1993	1997	Percent Change
Program Parameters			
Minimum wage	$4.72	$5.15	9
Maximum EITC			
One-child family	$1,602	$2,210	38
Two-child family	$1,689	$3,656	116
Earnings minus taxes*			
One-child family	$10,320	$11,722	14
Two-child family	$10,407	$13,168	27
Ratio of earnings minus taxes to poverty line			
One-child family	0.93	1.06	
Two-child family	0.80	1.02	

*Assumes one earner works full-time/full-year (2000 hours) at minimum wage. Taxes include income taxes (including the EITC) and employee share of social security taxes.

Bargaining Minimum Wage Hike for Tax Cuts

By Juliet Eilperin
Washington Post Staff Writer

With the Republicans' $792 billion tax bill officially dead, lawmakers and lobbyists for business interests are looking to a bill boosting the minimum wage as their best vehicle for achieving significant tax relief this year.

Republicans had previously promised to provide help to small businesses most affected by a wage boost, following the same approach they adopted in 1996 when they raised the minimum wage from $4.25 to $5.15 an hour. Now lawmakers are considering broader measures, including pension reform and eliminating the estate tax, which could transform a relatively modest bill into a much more ambitious package.

"Instead of having a spoonful of sugar to help the medicine down, some of our members would like a wheelbarrow," said Trent Duffy, spokesman for House Ways and Means Committee Chairman Bill Archer (R-Tex.). "That's why some of our members are talking boldly about attaching major tax relief to the minimum wage increase."

Rep. Gary A. Condit (D-Calif.), one of the leaders in the effort to raise the minimum wage by more than $1 over four years, said "everyone's throwing everything but the kitchen sink" into the mix of proposals under consideration.

"We're looking at targeted tax cuts that would make small business able to live with and better accept a minimum wage increase," Condit said. "We want to be realistic and not overreach; but if members are interested in a larger scale package, we certainly would consider that."

GOP leaders are not happy about the prospect of a minimum wage increase, but with momentum against them, they are hoping for a compromise that would dispose of the issue before the election year. Democrats are eager for a vote, having identified the minimum wage as one of their top legislative priorities.

Lee Culpepper, vice president for the National Restaurant Association, expressed concern that larger tax breaks could obscure the need to help small business. "The tax relief, in large part, should be targeted towards those businesses [which] will bear the burden of the wage increase," he said. "People realize this tax bill is leaving the station, and it may be the last tax bill for this year or perhaps the next two years. They're going to start coming out of the woodwork with their tax proposals."

Among Culpepper's top priorities is increasing the business-meal deduction for small businesses from 50 to 80 percent, at an estimated cost of $11.6 billion over a decade. Extending the Work Opportunity Tax Credit, which is aimed at entry-level workers and would cost $2 billion over five years, is also popular with lawmakers, along with providing 100 percent deductibility for health care expenses for small businesses, a $3 billion proposal over five years.

Some lawmakers have more ambitious plans. Rep. Neil Abercrombie (D-Hawaii) wants to make spousal travel on business trips tax-deductible and increase the deduction for performing arts tickets from 50 to 80 percent, a benefit applying to Hula festivals and Broadway plays alike. The spouse deduction would cost the Treasury less than $50 million a year, and the ticket deduction would cost $371 million over 10 years.

"Obviously this would be terrific for Hawaii, but I'm trying to sell it to other members that this will be universal in its appeal," Abercrombie said, noting that 60 U.S. cities have convention centers. "There's no such thing as a Republican travel district or a Democratic travel district."

Senate Majority Leader Trent Lott (R-Miss.) is prepared to offer his own set of tax breaks when the issue comes to the Senate floor, according to aides, and is likely to include the health insurance deduction as well as a tip credit provision in his plan.

The future of many proposals will depend on the final size of the package: Government officials estimate the wage increase could cost businesses $18 billion over five years, and lawmakers are anxious to offset those costs. Several Democrats and Republicans have suggested reducing inheritance taxes as part of a wage increase, but phasing out that tax would cost $65 billion over 10 years.

Business groups, who already oppose a Democratic proposal to raise the wage by one dollar over two years, remain uneasy at the prospect of boosting it even higher over a more extended period of time. Culpepper described such an increase as "a deal breaker."

Still, businesses are continuing to make their pitch before members like New York Rep. Jack Quinn, the leading GOP proponent of the wage hike. Last week Washington lobbyist Mark Isakowitz brought in a representative from Tricon Global Restaurants—which owns Taco Bell, Kentucky Fried Chicken and Pizza Hut—along with a Taco Bell franchise owner from Alabama to tell Quinn they were more interested in the Work Opportunity Tax Credit than a business-meal deduction.

"They said lobbyists don't come in and take people to lunch at our places," Quinn recalled. "I said, 'That's what my problem is, I've been taking lobbyists to lunch at Burger King.' "

The Washington Post

Tuesday, September 28, 1999

The Washington Post
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Bush Friend Pushed for Guard Slot, Ex-Speaker Testifies

By George Lardner Jr.
Washington Post Staff Writer

AUSTIN, Sept. 27—Former speaker of the Texas House of Representatives Ben Barnes said under oath today that he recommended George W. Bush for a pilot's slot in the Texas Air National Guard during the Vietnam War at the behest of a Houston businessman close to the Bush family.

Testifying in a deposition for a lawsuit that has stirred up allegations of preferential treatment for Bush, now the governor of Texas seeking the Republican presidential nomination, Barnes said he relayed that information to a top Bush campaign official, Don Evans, more than a year ago.

In a statement issued after his deposition, Barnes said he assured Evans that neither Bush's father, former president George Bush, who was a Republican congressman from Houston when George W. entered the Guard in 1968, "nor any other member of the Bush family" asked Barnes for help.

Evans, now national finance chairman for Bush's presidential campaign, could not be reached for comment. But a spokesman said Evans sought Barnes out primarily to knock down a rumor that the senior Bush had solicited Barnes's help during an encounter at the Bluebonnet Bowl in December 1967. The spokesman, Dan Bartlett, said the rumor cropped up last year during Bush's campaign for a second term as governor.

Bartlett said Barnes assured Evans that no one in the Bush family asked him to help George W. get into the Guard but Barnes added that he might have gotten such a call from a Houston businessman.

According to Bartlett, Evans, who was Bush's gubernatorial campaign chairman last year, did not recall Barnes naming the businessman and did not mention this aspect of the conversation to Bush. Instead, Evans told the governor of Barnes's assurance that no one in the Bush family asked him for help.

George W. Bush wrote to Barnes on Sept. 9, 1998: "Dear Ben: Dan Evans reported your conversation. Thank you for your candor and for killing the rumor about you and dad ever discussing my status. Like you, he never remembered any conversation. I appreciate your help."

However tentative Barnes may have been with Evans, he was definite about it today. He said he was contacted by Sid Adger, a wealthy Houston businessman and a good friend of the senior Bush. Barnes said Adger asked him to "recommend George W. Bush for a pilot position with the Air National Guard" and Barnes did so in a call to Brig. Gen. James M. Rose, the top official in the Air Guard. Both Rose and Adger are dead.

George W. joined the Air Guard in May 1968, less than two weeks before his graduation from Yale. He has said he did not need help in getting into the Guard and did not ask for any. The issue has cropped up repeatedly in his political campaigns and has been raised again in a lawsuit brought by the former director of the Texas state lottery, Lawrence Littwin, who was fired by the State Lottery Commission in October 1997 after five months on the job.

The lawsuit contends that GTECH Corp.—which runs the state lottery and until February 1997 employed Barnes as a lobbyist—was responsible for his dismissal. Littwin has suggested in court filings that GTECH was allowed to keep the lottery contract that Littwin wanted to open up for bid, in return for Barnes's silence about Bush's entry into the Guard.

Barnes, Bush and GTECH have called the theory preposterous. Littwin was not hired, or fired, until months after Barnes severed his relationship with GTECH.

Barnes's lawyer, Charles Burton, said Barnes's deposition cannot be made public because of a court-imposed confidentiality order, but the order "does not prevent him from setting the media record straight on events occurring more than 30 years ago."

Dole's Top Priority: Missile Defense

By David Von Drehle
Washington Post Staff Writer

Republican presidential candidate Elizabeth Dole sketched a world bristling with nuclear threats yesterday and said her top priority, if elected, would be development of missile defense systems for the United States and its allies.

Dole delivered what was billed as her third major address on foreign policy to a standing-room-only audience at the College of Charleston in Charleston, S.C. As she has in the past, she charged the Clinton administration with weakening the nation's defenses and underestimating the menace of rogue nations.

"Instead of developing a strategic framework for our nation's security," she said, "surveys and focus groups determine our foreign policy."

Dole's speech was the latest sign that the specter of nuclear war could return to the national debate after a decade on the wane. The subject has appeared in other recent speeches by Republicans; last week, Texas Gov. George W. Bush called for a missile defense system and pledged to spend $20 billion on new weapons research.

For Dole, the nuclear threat is the thread connecting the pieces of a tough, internationalist foreign policy. She warned that the United States is vulnerable to devastating attack, denounced two major arms control treaties, called for heightened security in U.S. nuclear labs and endorsed continued engagement with China and Russia.

"China and North Korea can deliver bombs on Hawaii and Alaska," she said. "Even our mainland is vulnerable. . . . Some hostile power could launch short-range missiles from ships off our east and west coasts and target 145 million Americans."

Her response: "We will develop and implement national and theater missile defense systems. Once and for all, Americans will be defended from foreign attack. Indeed, there can be no higher priority for any president."

Dole said it is time to abandon the 1972 Anti-Ballistic Missile Treaty, which restricts the development of defensive systems. And she condemned the Comprehensive Test Ban Treaty, which is pending in the Senate, saying that it would undermine the deterrent value of the U.S. nuclear stockpile.

Rogue states such as North Korea should not be treated as equals, Dole said. Dealing with China, however, will require a great deal of nuance. Dole described a "two-track approach to foster democratic reform" in China. The political track would involve meetings with key leaders to promote reform, while the economic track would attempt to open up China through increased free trade. At the same time, she would urge Congress to increase aid to Taiwan.

Although Dole blasted the Clinton administration policy toward China, it was not clear—except in a few details—how her approach would differ from current U.S. policy.

Draft #3

FIRST LADY HILLARY RODHAM CLINTON
"TALKING IT OVER"/CREATORS SYNDICATE
COLUMN FOR PUBLICATION SEPTEMBER 28, 1999

For more than 25 years, as an advocate and an attorney, I have worked to address the challenges of foster care and adoption. I've represented foster children and their prospective parents in court, and I've sought changes in laws that discourage adoptions.

I've listened to the frustrations that social workers, judges, police officers and parents feel about the red tape that so often keeps them from sharing their lives with the children who badly need their love. And I've listened to the children themselves – children who have spent the precious years of their childhoods feeling alone and unloved, moving from home to home.

This past summer, I saw a picture that reminded me just why this work is so important. It was a picture of 17-year-old Deanna Collins, taken by her parents on the night of her high school prom.

Looking at that picture, it was difficult to believe that the smiling, confident young woman in the silk evening gown, was the same girl I had welcomed to the White House just four years ago. Back then, she was 13, and she'd already spent eight years in foster care. With her eyes downcast, she told the audience about her dream of living in a place she could call home, with a room of her own and a family she could love.

Not long after that visit, Deanna's dream came true, and it's been my privilege to watch as adoption has transformed her life. With the love of her parents and the confidence that comes from knowing she will always have a place to call home, she is thriving. A senior in high school, she plans to go to college next year and major in social work.

Every time I need inspiration for our fight to strengthen and increase adoption in America, I think of Deanna. I think of Sue and Hector Badeau, who have adopted 22 children. I think of Virginia Williams who, many years ago, opened her heart and her home to a three-year-old boy who had been declared unadoptable and was institutionalized by his state. Today, that boy is the mayor of Washington, D.C., Anthony Williams. And I think of all the other families who have opened their hearts and homes to children, and in the process have opened our hearts as well.

Giving children a chance to live in a stable and secure environment – to have a permanent and loving home – has been at the heart of our efforts to reform the foster care system in this country.

In 1996, the President set an ambitious goal – to double the number of annual adoptions in this country by the year 2002. We've made a lot of progress toward that goal – from helping adoptive parents carve out the time they need to care for their new children, to ending racial discrimination and delays in adoption, creating tax credits that make adoptions more affordable, and using the Internet to match waiting children with loving homes. And for the first time, financial incentives are prodding states to move more children into permanent homes.

Last week, the President and I ~~we were pleased to~~ receive a report from the Department of Health and Human Services indicating that these measures are working. For the first time since the foster care program was created 20 years ago, the number of adoptions from the system has risen dramatically. In fact, since 1996, the total number of adoptions has risen 29 percent. Last week, the President awarded adoption incentive bonuses, totaling $20 million, to 35 states – including Illinois where placements more than doubled – for their exceptional achievement.

But there's more we need to do.

Under current law, foster children who turn 18 are forced to leave the system, without the support they might need to make the transition to independence. With broad bipartisan support, the House of Representatives has passed a bill that would allow these young people to remain on Medicaid until the age of 21, and give them extra help to finish high school, go to college, find work and a place to live. It's time for the Senate to pass a companion bill for the President to sign.

There are still tens of thousands of children in this country waiting to find families. Let me leave you with the words of Dawn Keane, who last May, along with her husband Steve, adopted Sarah, who was six, and her 8-year-old brother, Brian. "Families who have adopted around the country know what we know – that these children are special gifts from God, and that they enrich our lives in more ways than we could ever have imagined. I know that there are more than 100,000 children in the country still waiting to find families. Our hope is that all of these children can become someone's special gift."

That is my hope as well.

[803 words]

Audience Members to Recognize

Evy (Ev' ee) Dubrow
Former Legislative Director, UNITE

1999 Recipient of the Presidential Medal of Freedom
Evy has been active in lobbying to raise the minimum wage for many years

Jane O'Grady
Executive Director, Campaign for a Fair Minimum Wage

Jane has been active in social justice issues, civil rights issues, and women's issues. She worked for many years with the AFL-CIO and is now leading the coalition working to increase the minimum wage.

Susan Bianchi (Bee an' ki)-Sand
Chair, National Council of Women's Organizations
Executive Director, National Committee on Pay Equity

A nationally known advocate for working women

THE MINIMUM WAGE IS A WOMEN'S ISSUE

by Senator Edward M. Kennedy and Hillary Rodham Clinton

Melissa Albis, of North Adams, Massachusetts, works for the local Burger King for $5.25 an hour. She has five children, all under age 12. Melissa is struggling to pay her $550 a month rent. She is looking for less expensive housing because she fears that she and her children will be evicted if she cannot earn more money.

Melissa is one of the millions of Americans and their families struggling to make it on low-paying minimum wage jobs. She and so many other women, men, and their children would benefit from an increase in the federal minimum wage.

To a large extent, raising the minimum wage is a women's issue. Almost 60% of the more than 11 million workers who would get a pay raise as a result of a dollar increase in the federal minimum wage are women, according to a recent study by the Economic Policy Institute and the Institute for Women's Policy Research. The study also found that almost one million of those women are single mothers. African American and Hispanic women would particularly benefit, since they are overrepresented in minimum wage jobs.

The states with the largest numbers of women who would receive a raise if we increased the minimum wage by a dollar are: Texas with 669,000 affected women, California (572,000), Florida (414,000), New York (372,000), Ohio (345,000), and Pennsylvania (338,000). One-fifth or more of working women in West Virginia, Arkansas, Mississippi, Montana, Louisiana, and Oklahoma would see a bigger paycheck.

Representative David E. Bonior (D-MI) and Senator Edward M. Kennedy (D-MA) are sponsoring legislation in Congress to help close this gap by increasing the minimum wage from its current level of $5.15 an hour to $5.65 on January 1, 2000, and to $6.15 an hour on January 1, 2001. But the Republican leadership in the House and the Senate refuses to schedule action on this legislation to raise the wages of the lowest paid workers.

Increasing the minimum wage is a family issue. As the real value of the minimum wage decreased over the past 20 years, parents' ability to support themselves and their families has suffered. In 1979, a woman earning the minimum wage made 70% of the hourly wage of the median female workers. By 1998, that ratio had fallen to 52%. In 1979, a single mother working full time at the minimum wage earned enough to lift a family of three, herself and two children, above the poverty line. But in 1998, that same family would be 18% below the poverty line, according to economists Heidi Hartmann, Jared Bernstein and John Schmitt.

The minimum wage is also a children's issue. Over two million married women and men with children and almost a million single moms would receive a pay raise as a result of a dollar increase in the federal minimum wage. Among these single moms, 85% have total household incomes below $25,000 a year.

The national economy is the strongest in a generation, with the lowest unemployment rate in three decades. Under the leadership of President Clinton, the country as a whole is enjoying a remarkable period of growth and prosperity. Inflation is low and interest rates are low. The stock market continues to break once unthinkable records.

But millions of Americans are not sharing in our country's prosperity. Working 40 hours a week, 52 weeks a year, a woman earning minimum wage under current law would earn only $10,712 -- almost $3,200 below the poverty guidelines for a family of three. Each year we fail to act to raise the minimum wage, women and their families across the country continue to fall farther behind. The minimum wage today would have to be $7.49 an hour, instead of the current level of $5.15, to have the same purchasing power it had in 1968.

The proposal is a modest one. It is a down payment to hard-working Americans who toil at minimum wage jobs. They are teacher's aides and child care providers, home health care aides and cashiers. They care for our parents in nursing homes. They mop the floor and empty the trash in thousands of office buildings in communities across the country. They should be treated with dignity.

It is time to raise the minimum wage for the lowest paid workers. Before the Congress adjourns this fall, we should vote to increase the minimum wage. America's working men, women and their families need and deserve a raise. No one who works for a living should have to live in poverty.

FIRST LADY HILLARY RODHAM CLINTON
REMARKS FOR MINIMUM WAGE EVENT
CAPITOL HILL
September 28, 1999

Thank you Jody [Mitchell], for sharing your story with us. We all know that Jody is not alone. There are millions of Americans with stories and struggles just like hers. Every day, they work hard at minimum wage jobs to support themselves and their families. And every day, they are finding it harder and harder to make ends meet on $5.15 an hour. We're here today to speak on behalf of all these Americans.

I want every American to recognize just whom we're talking about. As the report we are releasing today reminds us, three out of every five people working for minimum wage in America today are women. One million of them are single mothers struggling to raise their children.

While their pay is low, their work is vital. They are the women who care for our children, who ring up our food at the supermarket, who cook and serve our meals. They are the women who clean our offices, who cut and sew our clothes, who nurse our aging parents and grandparents.

And these working women deserve a raise. As you know, the dollar increase in the minimum wage that the President, Senator Kennedy and Representative Bonior are proposing would mean a direct raise of $2,000 a year.

I have met women all across America who have told me the difference $2,000 a year would mean to their families... how it could mean seven months' worth of groceries, or 5 months' rent, or 10 months' utilities ... how that extra dollar an hour could mean that they would no longer have to choose between buying food and staying warm.

There will be no better time to raise the minimum wage. Our economy is the strongest in a generation. Because of this Administration's fiscally sound and socially responsible policies, we have 19 million new jobs, the lowest unemployment rate in a generation, and record-breaking homeownership rates. The Earned Income Tax Credit has helped more families work their way out of poverty.

But there are still millions of Americans who, despite all their hard work, have not felt the benefits of our booming economy.

We know that the value of the minimum wage dropped more than 25 percent during the 1980s. In 1979, a single mother working full time earned enough to lift her family out of poverty; by 1998, that same family would be 18 percent below the poverty line. Our proposal to increase the minimum wage would simply restore the real value of the minimum wage to what it was in 1982.

America can afford to raise the minimum wage. The last time we raised the minimum wage -- in 1996 -- 10 million Americans got a raise while the economy created jobs at an unprecedented pace.

Raising the minimum wage is a women's issue. It is a children's issue and a family issue. But it is also an issue of fairness and dignity. Every American who works hard, pays taxes and contributes to our society should be able to live the American Dream. They should not have to raise their children in poverty. It's time to give these hard working Americans a raise.

Now I would like to introduce a man who has been the standard bearer in our fight to raise the minimum wage, who we all know will go down in history as one America's greatest champions of working men and women, Senator Ted Kennedy.

The New York Times

September 15, 1999, Wednesday, Late Edition - Final

SECTION: Section A; Page 28; Column 1; Editorial Desk

LENGTH: 324 words

HEADLINE: A Higher Minimum Wage

BODY:

With the economy strong and the unemployment rate at its lowest in more than 25 years, Democrats in Congress are right to push for an increase in the minimum wage. An increase now will boost income for the poorest workers without the danger of creating more unemployment. But Republicans resist the idea, even though the minimum wage, now $5.15 an hour, has declined in purchasing power over the past three decades.

Senator Edward Kennedy has drafted a bill to raise that wage by 50 cents this year and another 50 cents in 2000. The $1 increase would restore the actual buying power of the minimum wage to what it was in 1980, and would raise the pay of nearly 12 million Americans who now earn less than $6.15 an hour. Currently a minimum-wage employee working full time earns about $10,700 a year, which is roughly $3,000 below the poverty line for a family of three. A boost to $6.15 would increase annual pay by about $2,000 a year, an amount that can make a significant difference in reducing poverty. Nearly three-quarters of the workers who would benefit are adults, 60 percent are women, and nearly half work full time.

Opponents argue that an increase would result in lost jobs. But a modest hike is not likely to cause higher unemployment, even among low-skilled workers. Indeed, jobless rates fell after the 90-cent minimum-wage hike of 1996-97. The unemployment rate, 5.2 percent in 1996, dropped to 4.2 percent this year.

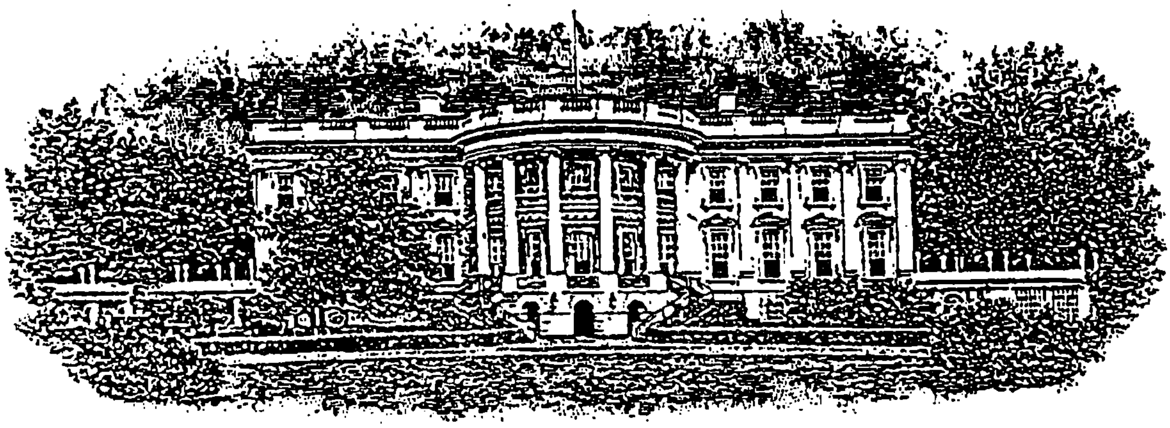
Senator Kennedy is expected to offer the minimum-wage bill as an amendment to the bankruptcy reform bill when it comes to the Senate floor. Moderate House Republicans are also getting the message from voters that they want the wage increase, but they may be tempted to add tax cuts that might make an increase less painful for the business lobbies. The wage hike should be approved without such tax breaks. For millions of workers, a higher minimum wage means a better shot at self-sufficiency.

Mark Penn

Δ "I"s - show Carl
Laura

The White House

DOMESTIC POLICY COUNCIL



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Comments: Please call me. 4 pages total

DRAFT.

THE MINIMUM WAGE IS A WOMEN'S ISSUE

by Senator Edward M. Kennedy and ________ [Hillary Rodham Clinton?]

Over 60% of the more than 11 million workers who would get a pay raise as a result of a dollar increase in the federal minimum wage are women, according to a study released today by the Economic Policy Institute and the Institute for Women's Policy Research. The study also found that almost one million of those women are single mothers.

Raising the minimum wage is a women's issue. Women are the majority of low wage workers in the United States, including minimum wage workers. About 7 million women nationally -- 12.6% of all working women -- would be affected directly by a dollar increase in the federal minimum wage. African American and Hispanic women would particularly benefit as they are overrepresented in minimum wage jobs.

Co-Signed?

Together with Representative David E. Bonior (D-MI), I am sponsoring a bill to increase the minimum wage from its current level of $5.15 an hour to $5.65 on January 1, 2000, and to $6.15 an hour on January 1, 2001. But the Republican leadership in both the House and the Senate continue to deny us the opportunity to vote on our bill to raise the wages of the lowest paid workers. That is why I plan to offer [have offered] the Fair Minimum Wage Act of 1999 as an amendment to the bankruptcy bill [this week] in the United States Senate.

Women across the country from New York to California and from Ohio to Texas would benefit from such an increase. The states with the largest numbers of women who would receive a raise if we passed this bill are: Texas with 668,700 affected women, California, Florida, New York, Ohio, and Pennsylvania. One-fifth or more of working women in West Virginia, Arkansas, Mississippi, Montana, Louisiana, and Oklahoma would see a bigger paycheck.

Increasing the minimum wage is a family issue. As the real value of the minimum wage decreased over the past 20 years, women's ability to support themselves and their families has suffered. In 1979, a woman earning the minimum wage made 70% of the hourly wage of the median female workers. By 1998, that ratio had fallen to 52%. In 1979, a single mother working full time at the minimum wage earned enough to lift a family of three, herself and two children, above the poverty line. But in 1998, that same family would be 18% below the poverty line, according to economists Heidi Hartmann and Jared Bernstein.

The minimum wage is a children's issue. Over two million married women and men and almost a million single moms would receive a pay raise as a result of a dollar increase in the federal minimum wage. Among these single moms, 85% have total household incomes below $25,000 a year.

The national economy is the strongest in a generation with the lowest unemployment rate in three decades. Under the leadership of President Clinton, the country as a whole is enjoying a remarkable period of growth and prosperity. Inflation is low and interest rates are low. The stock market continues to break once unthinkable records.

But millions of Americans are not sharing in our country's prosperity. Working 40 hours a week, 52 weeks a year, a woman earning minimum wage under current law would earn only $10,712 -- almost $3,200 below the poverty line for a family of three. Each year we fail to act to raise the minimum wage, women and their families across the country continue to fall further and further behind. The minimum wage would have to be $7.49 an hour, instead of the current level of $5.15, to have the same purchasing power it had in 1968.

Our proposal is a modest one. It is a down payment to the hard working Americans who toil at minimum wage jobs. They are teacher's aides and child care providers, home health care aides and cashiers. They care for our parents in nursing homes. They mop the floor and empty the trash in thousands of office buildings in communities across the country. They should be treated with dignity.

It is time to raise the minimum wage for the lowest paid workers. Before the Congress adjourns this fall, we should vote to increase the minimum wage from its current level of $5.15 an hour to $6.15 an hour by January 1, 2001. America's working women and their families need and deserve a raise. No woman who works for a living should have to live in poverty.

GUIDANCE ON MINIMUM WAGE

Question : Kennedy minimum wage proposal – will it get passed into law?

Answer:

- The Kennedy minimum wage proposal is consistent with what the President proposed in the 1999 SOTU. Proposal would increase the minimum wage by $1 to $6.15 over two years, building on past increases. NOTE: In 1992, President Clinton promised to increase the minimum wage to help more families working hard but falling behind. In 1996, President Clinton signed into law a minimum wage hike, raising it from $4.25 to $5.15.

- President Clinton's proposal to increase the minimum wage by $1 in two equal steps -- combined with the previous 90-cent increase -- simply restores the real value of the minimum wage to what it was when President Reagan took office in 1981. (During President Reagan's eight years in office, the real value of the minimum wage *fell* more than 25 percent. This increase -- in percentage terms -- is in line with previous ones that helped low-wage workers without adversely affecting the economy: both this proposal and the last one increase the minimum wage by about 20 percent.)

- The minimum wage is not enough to make ends meet for many families. Working 40 hours a week, 50 weeks a year, a minimum wage worker still earns just $10,300 a year – below the poverty level for a family of four. For these workers and their families, a one-dollar increase would make a real difference. It would mean another $2,000 a year.

- Hopeful that it will be passed into law this year.

Question: Doesn't increasing the minimum wage hurt businesses and employment opportunities for entry level jobs for teenagers, African Americans, welfare recipients?

Answer: More than two dozen empirical studies have found that moderate increases in the minimum wage do not have significant effects on employment. These studies include state-specific research in California, Texas, and New Jersey that show that state minimum wage increases did not result in any job loss.

- Since the last increase signed into law by President Clinton became effective (September 1996), well over 8 million new jobs have been added. More than one million (1.12 million) new retail jobs have been added.
- Unemployment has also declined significantly over the same period. The August 1999 unemployment rate of 4.2 percent is at its lowest rate in nearly 30 years.
- African-Americans are experiencing a near historic low unemployment rate at 7.8– down from 10.6 percent in September 1996. Unemployment for Hispanics has dropped from 8.3 percent to 6.5 percent. For high school dropouts, unemployment dropped from 8.2 percent to 6.4 percent. Teenage unemployment declined from 15.7 percent to 13.5 percent. African-American teen unemployment went from 33 percent to 28.6 percent.

- Employment has increased dramatically as well. Employment among African-American women has risen from 57.2 percent to 64.7 percent. And employment for welfare recipients and single mothers with children is continuing to climb, at least partly because of policies that "make work pay" such as a higher minimum wage. According to CEA, the minimum wage increases during this Administration accounted for 10 –16 percent of the 2.7 million reduction in welfare recipients between 1996 - 1998.

Question: Who will be helped by the minimum wage proposal?

Answer: For more than 11 million American workers, increasing the minimum wage from $5.15 an hour to $6.15 an hour will help pay the rent, buy the groceries and keep the kids in clothes.

- The minimum wage is not enough to make ends meet for many families. Working 40 hours a week, 50 weeks a year, a minimum wage worker still earns just $10,300 a year. For these workers and their families, a one-dollar increase would make a real difference. It would mean another $2,000 a year.
- When we last raised the minimum wage and expanded the earned income tax credit, we took important steps to reward work and help millions of American raise their families with dignity and move off of welfare. Because of our actions, a full-time working parent with two children does not have to live in poverty. But more must be done to ensure that *all* working families are lifted out of poverty.

Question: Aren't most of those who will benefit from the minimum wage increase teenagers in middle income families?

Answer: Seventy percent of those who would benefit are adults, age 20 and over. Three-fifths are women, many of whom are the sole breadwinners in their families.

Question: Is raising the minimum wage the only way to help lift people out of poverty?

Answer: Raising the minimum wage is one part of a strategy that also includes the Earned Income Tax Credit. In 1993, President Clinton expanded the Earned Income Tax Credit (EITC), helping to lift hundreds of thousands of working families out of poverty. Today, with the previous minimum wage increase and the expanded EITC, parents who work full-time do not have to bring up their children in poverty. This increase will help ensure that -- as costs continue to increase -- parents who work hard and play by the rules can bring up their children out of poverty.

Question: When will Senator Kennedy offer his amendment?

Senator Kennedy intends to offer the minimum wage amendment to the Bankruptcy bill to be considered on the Senate floor next week. This will be the 5th time since September of 1998, that Senator Kennedy has offered an amendment to increase the minimum wage. Most recently, on July 30, 1999, 46 Senators supported Senator Kennedy's effort to amend the tax bill to include a minimum wage increase. Support continues to grow for this effort to provide American workers with a fair day's pay for a fair day's work.

Market Place | Edward Wyatt

S.E.C. sweep focuses on bogus securities offerings on the Web.

ONE company promised to turn iron-ore rocks into gold, generating profits of 2,600 percent a year. Another sought money to construct prefabricated hospitals in Turkey. A third offered an opportunity to invest alongside the original backers of **Microsoft** and **Intel** in a new venture that would sell software to operate Web sites.

All of them, according to the Securities and Exchange Commission, were frauds, using the new medium of the Internet for the old-fashioned task of separating investors from their money. They did so by promising profits that seemed too good to be true, and, of course, were.

Their practices were disclosed yesterday in an S.E.C. enforcement action against 18 individuals and 8 companies in 14 cases of fraud — the agency's third sweep in seven months of Internet investment scams.

Unlike the previous sweeps, in which 57 companies and individuals were accused of touting investments without disclosing they were being compensated to do so, the latest action focused on bogus offerings of securities.

The ease with which the Internet allows potential frauds to reach out quickly to a broad group of people also gives regulators a great ability to identify, track down and halt investment scams, said Richard H. Walker, the S.E.C.'s director of enforcement.

"The Internet makes everything more visible," Mr. Walker said. Using scores of investigators to scour investment opportunities being offered over the Web, "we're able to get in and stop the fraud earlier than we otherwise would," he said.

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Indeed, several of the cases announced yesterday resulted in only small losses by investors. For example, the S.E.C. charged that a New York company called **American Brightstar Gold** used the Internet to sell at least $50,000 of its own securities. The agency said the company told investors they would earn returns of up to 2,600 percent annually, receiving a proportionate amount of gold that the company would extract from a type of ore called magnetite concentrate.

The S.E.C. charged the company and David Abramson, a New York resident, with securities fraud and sought the return of the proceeds. A lawyer representing Mr. Abramson declined to comment on the charges.

Among the largest cases announced yesterday was one involving five pyramid schemes that promised risk-free returns of up to 400 percent a month, operated by three people in Indiana, Missouri and Amsterdam. The S.E.C. said the operators gathered $1 million from investors, who were promised additional money if they recruited more investors, before a New York Federal judge issued an injunction freezing the group's assets.

The offers to help build the hospitals in Turke supposedly backed by three well-known Turkis banks, as well as the venture investment alongsic the Microsoft and Intel backers, were also fal claims, the S.E.C. said. None of the groups ha connections with the institutions named.

Of the cases announced yesterday, eight us the long-popular device of selling investments so-called prime bank securities. Those inves ments are said to be in bonds or notes that a backed by domestic or foreign banks, the Wor Bank or overseas central banks; they typical promise outlandish investment returns, of up 100 percent every few weeks. According to t S.E.C. and the Federal Reserve, which have be fighting such scams for years, "prime banl securities do not exist.

Yesterday's enforcement actions came o week after the S.E.C. chairman, Arthur Levi said that the agency would double to 250 lawye the number of people it had working to uncov investment fraud on the Internet. The commissi has asked Congress for additional resources fight Internet fraud, and the White House has s it will also request more funds from Congress the effort.

The S.E.C. also issued a series of tips for inve ors to help them avoid on-line investment scar encouraging them to check with state or Fede regulators to see whether companies offering curities are registered to do so before committ money. The agency's tips can be found www.sec.gov, its Web site.

Economic Scene | Michael M. Weinstein

Minimum wage bandwagon needs some skillful reining.

CONGRESS will almost certainly raise the minimum wage this year, probably to $6.15 an hour from $5.15, phased in over two to three years. Democrats, as always, are in full support. So, too, are at least 20 moderate House Republicans anxious about next year's election. But whatever the political attraction, does a higher minimum wage make economic sense?

A growing number of economists say yes, though there is reason for Congress to move cautiously, perhaps even creatively.

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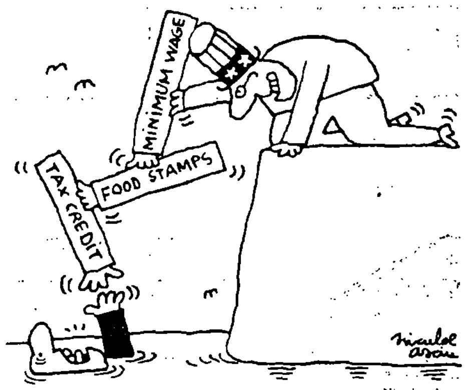
The main purpose for raising the minimum wage is to make it possible for all full-time workers to earn enough to lift their families out of poverty. The current minimum wage falls short. By 2000, according to calculations by Isaac Shapiro of the Center on Budget and Policy Priorities, the combination of earnings at $5.15 an hour, $3,600 in food stamps and the earned-income tax credit — a provision of the tax code that has the Treasury send a check of up to $3,880 to low-wage workers — would bring the annual income of a family of four to about $16,100: $1,400 short of the poverty line.

But at a wage of $6.15, the family would fall short by about only $450.

Critics, like Prof. David Neumark of Michigan State, say further increases in the minimum wage would make some low-wage workers too expensive to hire. Teen-agers are especially vulnerable. Professor Neumark concludes, "the net effect of



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minimum wages is an increase in the proportion of poor families." Other critics say that the minimum wage showers help on the wrong people, for example, teen-agers from wealthy families.

But most studies show that none of these problems loom large. Based on widely accepted estimates, a $6.15 minimum wage would likely take jobs away from fewer than 64,000 of the 3.3 million teen-agers now working. And very few adults would lose work. Jared Bernstein, an economist at the Economic Policy Institute, challenges the argument that the benefits of the minimum wage go to nonneedy families. More than 70 percent of the beneficiaries of minimum wage increases in 1996 and 1997 were adults, about half of whom worked full time and typically accounted for more than half of their families' earnings. The 20 percent lowest-paid workers reaped about 35 percent of the benefits of the wage increase even though they accounted for only 5 percent of total earnings

Many economists who concede that a hi minimum wage would not destroy many oppose raising it because, they argue, there better way to help low-wage workers: increas tax credit. Because the credit does not hit em ers, it does not strip workers of jobs. But problem with this argument, many other ec mists point out, is that the tax credit has its problem. To control the cost of the credit, phased out as family income rises above $1 The credit is scaled back by 21 cents for e extra dollar the family earns. The claw-back ates like an extra 21 percent tax on addi earnings. The most effective antipoverty gram, Mr. Bernstein says, "would artfully bine the tax credit and minimum wages."

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Yet, there is reason to proceed with cauti the next few years, women who have exha benefits under the 1996 welfare law will be f to enter the labor force. These women, ma whom will have poor or nonexistent work re will be pressed to find jobs. Making employe an extra dollar an hour will not help. There is reason for Congress to consider permittin ployers to pay $5.15 for recent welfare reci for, say, the first six months or so.

Congress might even venture a bit fu Small companies are dropping health insu for their workers. To reverse the trend, Co might consider permitting companies to some of the money they spend on health b toward their obligation under the minimum bill. There are problems with this appro young workers are likely to prefer higher w health insurance — but it could also help pressing and growing social problem.

The New York Times

THURSDAY, MAY 13, 1999

House Passes Bill Limiting Year 2000 Liability

By DAVID E. ROSENBAUM

WASHINGTON, May 12 — Voting largely along party lines, the House of Representatives approved legislation today that would limit lawsuits arising from Year 2000 computer failures.

Under the measure, companies responsible for computer breakdowns that occur when the clock ticks over to Jan. 1, 2000, could not be assessed punitive damages greater than $250,000 or three times the financial damages, whichever is greater.

Among other limits, class-action lawsuits would be restricted; officers and directors of companies would be protected from liability in many instances; businesses would be allowed 90 days to solve a problem after it was detected before a suit could be brought, and defendants would be liable only for their proportionate share of the responsibility when a computer problem occured.

The House approved the legislation by a vote of 236 to 190. Supporting it were 208 Republicans and 28 Democrats; 9 Republicans, 180 Democrats and 1 Independent voted against it.

The bill is unlikely to become law in this form. A companion measure is stalled in the Senate, where 60 votes are needed to overcome a Democratic filibuster. And President Clinton has vowed to veto any measure along the lines of the one the House passed today.

But today's action keeps the issue alive while all sides work for a compromise. Two of the President's top advisers — Bruce Lindsey, the deputy White House counsel, and Gene Sperling, director of the National Economic Counsel — sent a letter to Congressional leaders this week reiterating the President's threat to veto the pending legislation but expressing hope for a compromise on what is called the Y2K issue.

The problem stems from automated systems' longtime reliance on the last two digits of a year. At the turn of the century, some computers may break down because they read the year 2000 as 1900; the cost could be considerable to individuals and companies relying on these computers.

A bill about computers enters the debate about torts.

The political obstacles to compromise are formidable. The Year 2000 battle is the latest in a continuing lobbying war between commercial interests and trial lawyers — a fight that carries considerable political weight since businesses are the largest Republican contributors, and trial lawyers are among the Democrats' biggest.

The debate on the House floor reflected that division. Representative Dick Armey of Texas, the Republican majority leader, compared trial lawyers to "a bunch of vultures eating off the carcasses" and said Congress had the responsibility to "stop the needless, senseless confrontation that is designed to line their pockets over someone's misfortune."

On the other hand, Representative Bill Delahunt, Democrat of Massachusetts, said the bill's supporters wanted "blanket immunity for those who fail to act responsibly."

Republicans argued that it was important that businesses spend money to find and fix computer bugs, rather than conserve their money to fight lawsuits.

More than 80 lawsuits have already been filed, the bill's proponents said. Without legal limits, the Republicans maintained, litigation costs concerning Year 2000 glitches could reach as much as $1 trillion — more than litigation over asbestos, tobacco, breast implants and toxic waste combined. They did not say how they arrived at that estimate.

Organizations like the Chamber of Commerce of the United States, the National Association of Manufacturers and the National Federation of Independent Business have put this bill at the top of their agenda and have spent millions of dollars lobbying and advertising on its behalf.

Democrats responded that the Republican bill was a stalking horse for sweeping changes in tort laws. Representative Richard A. Gephardt of Missouri, the Democratic leader, said the other side was most interested in "something that will dismantle protections for consumers and small businesses."

Democrats also argued that limiting lawsuits would remove the incentives for businesses to correct problems before they developed.

Trade unions and consumer groups have lobbied against limits.

The New York Times

THURSDAY, MAY 13, 1999

TALKING IT OVER

BY HILLARY RODHAM CLINTON

RELEASE: WEDNESDAY, OCTOBER 14, 1998, AND THEREAFTER

Parents who work hard and play by the rules should not have to raise their children in poverty.

Yet, for millions of Americans in minimum-wage jobs -- custodians and department-store clerks, home health-care aides and child-care workers -- as hard as they work, they still struggle to stay afloat. It's time to give them a raise.

It's time to give Diane Mitchell of Brockton, Mass., a raise. Diane, a single mother of three, earns $5.90 an hour at an industrial laundry. She explains that making ends meet is a "constant struggle. Last month, I had my electricity turned off because I had to pay my gas bill. I'm always juggling food and utilities."

Diane knows that an increase of $40 a week doesn't sound like much to most people, but it is very important for her and her family. She won't have to choose between paying the electric bill and the gas bill, and she'll be able to feed her family throughout the month.

It's time to give Cathy Adams, a mother of two daughters, ages 10 and 11, and a home health aide from Viola, Ill., a raise. Cathy works over 11 hours a day, five days a week, caring for a woman with multiple sclerosis. She bathes her, dresses her and feeds her. She does her grocery shopping, laundry and cleaning. She runs errands and schedules doctor's appointments. Cathy likes her job but finds it hard to live on $5.30 an hour. "I literally live paycheck to paycheck," she says. "After paying the bills, whatever is left over goes to groceries. I have $9 in my savings account and worry about being able to save for my girls' education."

Cathy and Diane are not alone. That is why I was so disappointed last month when almost every Republican Senator voted against my husband's proposal to increase the minimum wage from $5.15 to $6.15 over the next two years -- a proposal that would affect 12 million Americans. For those who work full time, this increase would add $2,000 per year to their paychecks.

Let's talk about what $2,000 a year can mean to a family getting by on a minimum-wage paycheck: It can mean over half a year of groceries or seven months of rent. It can mean a year and a half of tuition and fees at a two-year college or more than 15 months of utilities.

Our economy is the strongest it's been in a generation. Since my husband took office, more than 16.7 million jobs have been created. Inflation is down, and unemployment has dropped to its lowest level in 28 years.

Our prosperity is causing incomes to rise and lifting millions out of poverty. Since 1993, when the President launched his economic plan, the typical American family's income has risen more than $3,500, and the overall poverty rate has fallen to 13.3 percent.

Americans at the bottom of the income ladder have done the best, thanks in large measure to the last boost in the minimum wage -- from $4.25 to $5.15 an hour -- which the President signed into law in *from the office of*

Senator Edward M. Kennedy

of Massachusetts

STATEMENT OF SENATOR EDWARD M. KENNEDY
ON RAISING THE MINIMUM WAGE
September 22, 1998

At long last, the Senate will vote today on raising the minimum wage. The nation has enjoyed extraordinary prosperity in recent years. Unemployment and inflation are at historically low levels. Interest rates are low. The economy is strong and growing.

But for too many hard-working Americans, it is someone else's prosperity. Millions of minimum wage workers can barely make ends meet. Working 40 hours a week, 52 weeks a year, they earn just $10,700 -- $2,900 below the poverty level for a family of three. A full day's work should mean a fair day's pay. But for the millions of Americans who earn the minimum wage, it doesn't.

These families are just one paycheck away from disaster. Too often, they are forced to choose between paying the electric bill or the phone bill or the heating bill. An unexpected illness or family crisis is enough to push them over the edge.

It wasn't always this way. In fact, the real value of the minimum wage has actually declined over the past thirty years. If we do not enact an increase, 12 million Americans will fall farther and farther behind.

Today, the minimum wage buys less than it did throughout most of the 1950s, 1960s and 1970s. Minimum wage earners have been cut out of the extraordinary economic prosperity enjoyed by most of the rest of the country. Too many of them can barely make ends meet. Instead of worrying about the stock market, they worry about stocking their refrigerators with food for their families, or paying their heating bills when winter comes.

Their plight is unacceptable. The wealthiest nation on earth can afford to do better for these hard-working citizens, and today the Senate has the opportunity to help. We can raise the minimum wage.

(More)

We know who minimum wage workers are. They are teachers' aides and child care providers, home health care aides and clothing store workers. They care for our parents and grandparents in nursing homes. They stock shelves at the corner store. They mop floors and empty trash in thousands of office buildings in communities across the country. They work hard, and they deserve to be treated with dignity.

We know who will benefit if this measure passes. Twelve million Americans will get a raise. Sixty percent are women -- over 7 million workers. Nearly 4 million are the sole breadwinners in their families. Over 2 million are Latino, and almost that many are African-American.

They are workers like Renda DeJohnette, who provides home health care in Los Angeles. Renda works in a county program to help senior citizens and the disabled remain in their homes and avoid institutionalization. Renda is a single mother with two teenage children. She earns $5.75 an hour, washing clothes, preparing meals and cleaning houses. She finds it hard to make ends meet, and says that a minimum wage increase would allow her to put more food on the table and pay all her bills.

My Republican friends claim that minimum wage workers are just teenagers, working after school to earn pocket money. But the Bureau of Labor Statistics reports that three-fourths of minimum wage workers are adults, 20 years of age and older.

But even in the case of teenagers, their stories demonstrate the importance of raising the minimum wage.

Talia Fernos of Olympia, Washington is a college student who works full-time as a tutor to support herself. She earns the minimum wage of $5.15 an hour. After taxes, she brings home about $725 a month. Her rent payment is $300. Her car payment and other bills total another $50 each month. She has less than $200 per month for gasoline, insurance, groceries, health care and other expenses. Not surprisingly, Talia can't save any money. And she worries about being able to pay off her student loans once she graduates. Raising the minimum wage could ease some of these worries, and make this hard-working student's life a little easier.

Johnette Roberts of Gulfport, Mississippi has held the same job since she was 15 years old. Now she earns $5.70 an hour -- higher than the minimum wage, but not by much. Johnette has been married and divorced, and she is raising a child on her own. Johnette says she has trouble paying the rent and supporting her child. She is an "A" student at the local community college, and wants to get her college degree. But she can't pay the rent, pay for child care, pay her utility bills and still go to college. She says we have a choice: "increase the minimum wage or decrease the education in our society."

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Kennedy on Minimum Wage 3-3-3

Far from being teenagers, many minimum wage workers are grandparents like Janet Rapoza of New Bedford, Massachusetts. Janet is a single woman who is the sole support for her teenage granddaughter. Janet earns just over the minimum wage in a New Bedford company. She has a progressive, degenerative bone disease, but can't afford the medication she needs on a regular basis. For her, a raise in the minimum wage would mean "that one of my bills might get paid on time -- for a change -- or it might mean some extra groceries in the refrigerator or maybe I could have one of these prescriptions filled. After I do all that, if it's been an especially good week, we might even dare to go to the movies."

Beatrice Stanford, of Wilmington, Delaware is also a low-wage grandmother. She has worked at a YMCA child care center for four years, and now earns $5.75 an hour. She is the sole support for her teenage son and daughter and two grandchildren. Beatrice's children have worked from time to time, but she now calls that "my biggest mistake. My daughter fell behind in school because of all the hours she was putting in. She needed summer school, but I couldn't afford the $300 for the course, so instead she had to do a correspondence course that cost $164. She made up the course but lost a year."

Beatrice finds it a struggle just to pay the rent. She can't afford a car, so she takes the bus to work and catches rides to the supermarket. She has no health benefits or sick days. When she has to go to her clinic, it takes so long that she misses a day's work -- and loses a day's pay. She says raising the minimum wage would help families take care of their children better. "It's frustrating for parents -- a bad thing when you look at your child and they want or need something."

The stories go on. Yah Yee May is an electronics assembler in a factory in Boston. She earns the minimum wage. Her husband works as a stock person at Star Market, and their son is in high school. Just paying the rent takes half their monthly income. There's nothing left over for "extras."

Marcus Reynolds of Lynn, Massachusetts understands the minimum wage from both sides of the paycheck. For twenty years he earned the minimum wage, cleaning offices, making beds in hotels, stocking shelves and lifting heavy packages in stores. Often he worked at two jobs, and sometimes three. He says, "No matter how many jobs I worked and how little I spent, the minimum wage was not enough to make ends meet. Even when I was basically just working and sleeping, providing for food and rent and transportation was more than a challenge. It was often a struggle."

Now he owns a sandwich shop, and pays his entry-level workers $6.00 an hour. He says he can't afford to pay them less. He respects them as workers and as people. As he puts it, "What kind of family value is it to pay someone supporting a family a wage that is below poverty?"

(More)

Kennedy on Minimum Wage 4-4-4

Giving low-wage workers an additional 50 cents an hour can make all the difference for these hard-working Americans. It can help to buy groceries, or pay the rent, or defray the cost of job training courses at the local community college.

The need is real. Raising the minimum wage can keep families out of soup kitchens and homeless shelters. According to the U.S. Conference of Mayors, requests for emergency food aid increased in 86% of the cities surveyed in 1997. All too often, low wages were the problem. Over two-thirds of the cities reported that low-paying jobs were one of the main causes of hunger.

Low wages also contribute to homelessness. To afford a modest, clean, 2-bedroom apartment in <u>any</u> of the 50 states, a minimum wage earner would have to work at least 60 hours a week.

If we value work, we must be willing to pay enough so that those who do the work can feed their families and keep a roof over their heads.

The budget for a minimum wage family shows how hard it is to get by. A single parent trying to raise two children on the minimum wage is living in poverty.

This parent earns \$893 a month -- \$1206 if you factor in the earned income tax credit. Rent averages \$582 a month. Food costs \$348, on average. Clothing, health care and transportation average another \$257.

That leaves just \$19 for "extras" like the electric bill, the heating bill and the child care bill. There's little left over for birthday presents or dinner at a restaurant. Things that most of us take for granted are beyond the reach of these hard-working Americans. For them, survival is a daily challenge.

Today, the Senate has the chance to change this dismal picture. Today, we can vote to raise the minimum wage, and give a much-needed raise to these 12 million working Americans and their families.

The minimum wage is a women's issue. It is a children's issue. It is a civil rights issue. It is a labor issue. It is a family issue. Above all, it is a fairness issue and a dignity issue. Raising the minimum wage means fairness and dignity for minimum wage workers and their families.

(More)

Kennedy on Minimum Wage 5-5-5

Valerie Bell, a custodian from Baltimore, explained this point eloquently. She said that increasing the minimum wage means "we no longer have to receive food stamps or other social services to supplement our incomes. We can fix up our homes and invest in our neighborhoods. We can spend more at the local grocery store. We can possibly work two jobs rather than three low wage jobs and spend more time with our families. We can pay the medical bills we accumulated from not having benefits in these jobs."

But most of all, this increase means that once again in America, if you work every day, you will earn enough money to feed, clothe, and shelter your family. It means peace of mind for working parents, concerned about caring for their children.

I urge my colleagues to support this long overdue raise for America's low-income working families. No one who works for a living should have to live in poverty.

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HOME HEALTH AIDES

* 33% of those who would benefit from this increase are in service occupations, including home health care workers.

These are workers like Cathy Adams, a home health aide from Viola, Illinois. Cathy is a high school graduate who is currently enrolled in a computer training program at the local community college. She lives with her two daughters, who are 10 and 11.

Cathy works 11 and one-half hours a day, five days a week. She cares for a woman with multiple sclerosis. She bathes her, dresses her and feeds her. She does the grocery shopping, the laundry and the cleaning. She runs errands and schedules doctor's appointments.

Cathy likes her job and is fond of her client. But she finds it hard to live on $5.30 an hour. In March, she ~~told a minimum wage forum that~~ said: "I literally live paycheck to paycheck. After paying the bills, whatever is left over goes to groceries. I have $9 in my savings account and worry about being able to save for my girls' education. We rarely have money to go to a movie or to eat out at a restaurant. The other day, my girls asked me to take them ice skating at school. While it only cost $10, I had to think twice about whether we could afford it. Most of the clothing I buy for my kids and for myself comes from yard sales and secondhand stores."

CHILD CARE WORKERS

According to "Worthy Work, Unlivable Wages," a recent study by the Center for the Child Care Workforce, in 1997 the average wage for a teaching assistant in a child care center ranged from $6.00 to $7.00 an hour. This is less than the 1998 poverty level for a family of three -- $13,650. Turnover among these assistants was very high -- 39% a year.

The study found that centers paying higher average salaries had lower turnover rates than centers paying less.

These are workers like Kimberly Frazier, a child care aide from Philadelphia. Kimberly works full time and earns $5.20 an hour. She is a single mother with three children. She has worked at the same center since 1992.

Kimberly says that her salary barely covers her bills -- rent of $250 a month, food, utilities, clothing for three growing children, and carfare to get her daughter and herself to the child care center. She ~~told our forum in March~~ said: "Of course, there is never money for a vacation for my children or me. I go without new clothes for myself because I have to keep buying new sneakers for my children, they outgrow them so fast. I can't afford a car and pay for gas and insurance so I rely on public transportation. If I had a car, I could get out to the places where there are better paying jobs. And, like all Americans, I dream of buying my own house so that I can raise my kids in a neighborhood that has less crime and more trees. But I know that, although I work and study as hard as I can, I will never have the down payment for a house earning the minimum wage." She concluded that "A dollar an hour probably doesn't sound like a lot to many people, but to me and my children it would mean a real improvement in our lives."

CUSTODIANS

Many minimum wage workers are janitors, cleaning offices in buildings across the country. They are people like Valerie Bell. Valerie works as a custodian at the Baltimore City World Trade Center. Since 1995, that building has been covered by Baltimore's Living Wage Ordinance, which requires city contractors to pay $6.10 an hour. That's higher than the federal minimum, but still lower than the level that I have proposed.

According to Valerie Bell, the living wage means dignity for workers and their families. As she puts it, "under the living wage, we no longer have to receive food stamps or other social services to supplement our incomes. We can fix up our homes and invest in our neighborhoods. We can spend more at the local grocery store. We can possibly work two jobs rather than three low wage jobs and spend more time with our families. Our utilities won't be cut off. We can pay the medical bills we accumulated from not having benefits in these jobs. The best welfare reform is a living wage job."

AIRPORT SECURITY SCREENERS

Nationwide, most security screeners at airports earn the minimum wage. These workers screen passenger luggage, operate metal detectors and work x-ray machines. They are responsible for the safety of millions of passengers and thousands of airplanes entering and leaving airports around the country -- yet they earn the minimum wage.

These are workers like Melvin Ware, a customs carousel handler at the Los Angeles Airport. He takes home about $317 every two weeks. "By the time you pay rent and utilities, you're broke," he said. "There's no life after work." Raquel Littlejohn screens passenger luggage, and spends much of her day at a computer terminal. This strains her eyes but, with take-home pay of under $400 every two weeks, she can't afford to get them checked. A sympathetic L.A. Councilwoman said, "I don't think it's good that the person who is doing such an important job has to be worrying about trying to get to the next one because the security job doesn't pay a living wage."

RETAIL WORKERS

* 18% of today's workforce is employed in the retail industry -- that's 22.5 million workers. Many are paid the minimum wage.

These are people like Cordelia Bradley of Philadephia. She works at a clothing chain just outside Philadelphia. She is the mother of one son, and she earns $5.15 an hour.

She told our minimum wage forum in March that "I am currently living in a rented room for which I pay $300 a month. I would like to have my own apartment but I cannot afford one. In addition to paying my rent, I pay for food, clothing and transportation. . . . If the minimum wage was higher I would be able to save up for my own apartment for me and my son. . . . I ask you to reward the people who go to work by raising up the minimum wage. Things are very rough for people, not just people on welfare. There are many people like me who go to work every day and cannot afford to live. Please do the right thing."

LAUNDRY WORKERS

Many minimum wage earners work in light industrial jobs. These are workers like Diane Mitchell from Brockton, Massachusetts.

Diane is a high school graduate who works at an industrial laundry, cleaning linens for many hotels and restaurants in Massachusetts. Diane is a single mother with three teenage daughters. She works full time and earns $5.90 an hour.

Diane explains that making ends meet is "a constant struggle. I just got my electricity turned on because I had to pay my gas bill last month. Can't please everyone at the same time. I'm always juggling food and utilities. It's tough. If someone has a birthday, sometimes I don't even have money to get a card. I feel as though I'm working for nothing. I never have extra money to buy things for my kids and myself because I need the money to just live."

Diane knows that an increase of $40 a week doesn't sound like much to most people, but it is very important for her and her family. She won't have to choose between paying the electricity bill and the gas bill. She'll be able to feed her family throughout the month. As she put it, "it wouldn't be as nervewracking and I might have a little extra for me and my family."

REMARKS OF MONIQUE MISKIMON
September 23, 1998

Mr. President, my daughter Jessica and I are honored to be here with you today.

I want you to know that I adopted a philosophy in life based on a quote from Booker T. Washington I once saw in a magazine. It said our success should be judged not by our accomplishments, but the obstacles we have overcome to get where we are. Mr. President, I have overcome a lot.

Nine years ago, I became a single mother. I lost my job. And I went on social services. Determined to climb upwards, I entered a program called Project Independence and I took a job training class, which prepared me for reentry to the workforce. I moved myself and Jessica from welfare to work.

I was lucky to have a job, but I wasn't earning that much and was struggling to pay our bills. I could barely afford groceries and a bus pass to get to work after paying for Jessica's day care and paying the rent. The Earned Income Tax Credit that you fought for helped us make it. Without it, you could have found us back on welfare. It paid for Jessica's child care during the summer. It helped us pay for our rent and our groceries. Slowly but surely since then we have pulled ourselves up.

In fact, last year, I found a higher-paying job, working as an Administrative Assistant at a non-profit organization in Baltimore. We provide resources and referral to parent's about quality child care and I am pleased to tell you that we helped Maryland win the award for one of the top 10 best states for child care. The raise I got last year means a lot to me and Jessica and it makes it much easier for us to get by. Mr. President, I just bought my first car, which makes it easier to get to day care on time, to get to the grocery store, and to get to work. It's like a domino effect. If we are doing well, it affects everything in our lives. For example, it may seem insignificant, but Jessica can now cheerlead for the recreation association.

You could say that mine is just one lucky case. In reality, I know many other women who have similar experiences. My story is not unique. The EITC has made huge differences in all of our lives. Jessica and I can't thank you enough for helping our family and for standing up for families like mine. It is now my pleasure to introduce the President of the United States. President Bill Clinton.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 24, 1998

REMARKS BY THE PRESIDENT
ON INCOME AND POVERTY REPORT

The Rose Garden

12:20 P.M. EDT

THE PRESIDENT: She was terrific, wasn't she? Let's give her another hand. I thought she was great. (Applause.)

Congressman Cardin, welcome. I know you're proud of your constituent here. Jessica, welcome. We're glad to see you. I think Congressman Blagojevich is here. We welcome him, along with Senator Ephraim Gonzalez, who is the President of National Hispanic Caucus of State Legislators; and Councilman Robert Cantana of Buffalo.

Let me once again thank Monique for her remarkable statement and her even more remarkable life. I'm delighted to be joined here by our economic team -- by Erskine Bowles and Secretary Rubin, Secretary Herman, Gene Sperling, Jack Lew, Janet Yellen, Larry Summers. Their tireless, often literally sleepless work has been very instrumental in sparking and maintaining what soon will be the longest peacetime boom in American history.

Officials of the Census Bureau who are here today, I want to thank all of you. We're going to be talking a little bit about some Census Bureau statistics. Sometimes we take your hard work and statistics for granted. The fact is that you ensure that our democracy is truly representative. And let me say in that connection once again, Congress must not hamstring the Census Bureau's efforts to maintain the most up-to-date, accurate scientific methods to produce the year 2000 census. They deserve the chance to succeed. (Applause.) Monique Miskimon has shown us today once again that every American counts. That means that every American deserves to be counted.

Now, before I get into the details of the very positive economic report, which Monique and her daughter so vividly represent, I think we all want to say just a few words and reflect on the powerful impact of Hurricane Georges. In the Caribbean islands, businesses and homes have been swept away; tragically, many lives have been lost. Meanwhile, the projected track of the storm places the hurricane center over or near the Florida Keys late tonight or early tomorrow morning. As we speak, we're helping the people of Florida prepare for the hurricane. We've already sent assistance to Haiti and the Dominican Republic. Obviously, we're working with the officials in Puerto Rico and the Virgin Islands.

James Lee Witt, the Director of the Federal Emergency Management Agency, has informed me that FEMA's Region Six Emergency Response Team arrived in Tallahassee, Florida, at 10:00 a.m. this morning. Here in Washington, the FEMA Emergency Support Team is operating at Level One, its highest level, on a 24-hour basis.

Our support teams and our prayers are with those in the Caribbean as they begin to rebuild, and those in the Florida Keys as they brace for the impact of the storm.

Now, as President, from my first day here, I have done my best to fulfill a commitment I made to the American people: first of all, to restore the reality of the American Dream -- of opportunity for all responsible citizens, of a community in which we all count and work together -- and secondly, to reclaim the future for our children, to strengthen our country for the century ahead.

To accomplish that mission, we began first with an economic strategy to shrink the deficit and balance the budget, to invest in the education and skills of our people, and to expand the export of American goods. The census report released this morning represents one more year's worth of compelling evidence that this economic strategy is working, and that there are lots more people out there like Monique Miskimon.

The report shows that last year the income of the typical American household grew at nearly twice the rate of inflation. Since we launched our economic plan in 1993, the typical family's real income has risen by more than \$3,500. That's an extra \$3,500 that hardworking families can put toward their children's education or a down payment on a first home. Income for typical

African American and Hispanic families increased by more than $1,000 last year alone.

This report also shows that our growing economy is giving more and more families a chance to work their way out of poverty. The poverty rate fell to 13.3 percent, and while we still have plenty of room for improvement, the African American poverty rate fell to another record low. Hispanic poverty saw the largest one-year drop in two decades. Child poverty has dropped in the past four years, more than in any four-year period in the last three decades. And the Earned Income Tax Credit, which Monique spoke of a moment ago, has raised more than 4 million people out of poverty in the last year alone.

The report this morning shows that economic growth continues to raise incomes, lift millions out of poverty, and extend opportunity. It also shows that we have more to do. Since 1993, every income group has benefitted from our nation's economic growth and the lowest 20 percent of our people in terms of income have had the highest percentage increases. That's the good news, after over 20 years of increasing inequality.

But that inequality is still too high, and it simply means there are too many American families out there working hard, doing everything we could possibly ask of them, and still having a hard time getting ahead. We have to use our prosperity and the confidence that it inspires to help our hardest pressed families and our hardest pressed communities to ensure economic growth for all Americans.

The most important thing we have to do, of course, is to maintain the economic strategy that got us here in the first place -- above all, the strict fiscal discipline that has given us low interest rates, low inflation, big investments and more jobs.

Exactly a week from today, we will have the first balanced budget and surplus since Neil Armstrong walked on the moon in 1969. Unfortunately, this week in the House of Representatives, the Republicans are moving forward with a proposal that drains the new surplus to pay for their tax plan. We can cut taxes. Indeed, my balanced budget includes targeted tax cuts for child care, for education, for environmental clean-up. But tax cuts must be paid for in full if we are to expand opportunity in the years to come.

I say again, we have been waiting for 29 years to see the red ink turn to black. We have a huge baby boom challenge coming when all the baby boomers retire. Social Security, as presently constituted, cannot sustain that retirement. We have to reform Social Security if we want to have it for our parents -- that's me, when the baby boomers retire -- without undermining the standard of living of our children and grandchildren.

So I say again, let us not get into this surplus we have worked for 29 years for -- or we've waited for 29 years for and worked for 6 years for. Let's don't get into that and spend it in an election year tax cut until we have saved Social Security for the 21st century, for the sake of our children and our grandchildren. (Applause.)

Second, we have to continue to invest in our people and lift them all up. I was deeply disappointed this week when 95 percent of the Republicans in the Senate voted not to raise the minimum wage. To reject an increase in the minimum wage when there are still so many people working full-time and raising children in poverty, when the unemployment rate and the inflation rate is so low, I believe is a mistake and sends the wrong signal to the American people.

I thank the 95 percent of the Democratic Caucus in the Senate who voted for the increase in the minimum wage. Working Americans deserve it. I'm disappointed, with only a week left in the fiscal year we rejected this, and I haven't quit fighting for it. I think eventually we will get it in the next several months; if we have to wait until next year, we will get it.

But I'm also disappointed -- as I said, a week from today we end the fiscal year and we start a new one. And there's still been no action in the Congress on our vital education investments. Indeed, what action there has been in the House of Representatives has been negative, has been a setback for education.

Congress should work with us to enact my plan, paid for in the balanced budget, to reduce class size to an average of 18 in the early grades; to hire 100,000 teachers to teach those children in smaller classes; to rebuild or to construct or repair 5,000 schools so our kids will have good, adequate, safe schools to attend; to hook up all of our classrooms -- all of them, even in the poorest neighborhoods -- to the Internet by the year 2000; to improve early literacy by funding the program to send volunteers in to make sure that every eight-year old can read; to lift our children's sights with voluntary national standards and clear means of measuring them.

Now, if we hope to maintain our economic growth well into the next generation, we have to give every American child a world-class elementary and secondary education. So I say again, we've been here for months and months; there's just a week left in the budget year -- let's finally have action to improve our public schools and give all of our kids a world-class education. (Applause.)

The third thing I'd like to say is we have to continue to lead in the global economy if we want the American economy to continue to grow. We're enjoying unsurpassed economic prosperity, but all of you read the papers every day, you see the news at night, you know there are troubles elsewhere in the world. You know our friends in Asia and Russia are facing great turmoil. You know we're trying to keep our big trading partners and friends in Latin America from having the negative effect of that turmoil reach them even though they are pursuing good policies.

That's why it's important for Congress to fund our America's share of the International Monetary Fund, because the International Monetary Fund helps the countries that are helping themselves to return to growth, and serves as an insurance policy against having the financial crisis spread to the countries that are doing the right thing and keeping Americans at work by buying our products.

Again I say, there is no reason not to do this. We've only got a week left in the budget year. We've been talking about it all year long. The problem has only gotten worse. It is time now to say, we're doing this because it's what America owes as the world leader; and more importantly, we're doing it because it is absolutely necessary to keep American economic growth going. (Applause.)

Finally, let me say that with just a week left in this budget year, I'd still like to see the Congress pass a decent patients' bill of rights, one that covers -- (applause). Our bill would provide protections to all Americans, simple ones. If you get in an accident, you can go to the nearest emergency room, not be hauled to one halfway across town. If your doctor tells you you need to see a specialist, you can see one. If it comes down to a dispute about whether a medical procedure should or should not be applied, the decision should be made by a doctor, not an accountant. Your medical records ought to be protected in privacy. If your employer changes health care providers, it shouldn't affect you if you happen to be in the middle or a pregnancy or a chemotherapy treatment, or some other thing that would be entirely disruptive and dangerous and damaging to your health care if you had to change doctors in the middle of the procedure.

Now, we do that for everyone. The House passed a bill on a partisan vote, completely party-line vote, that doesn't protect 100 million people and doesn't provide any of those protections to the people that are covered. The Senate Majority Leader actually shut down business in the Senate a few days ago to keep them from voting for it, so they wouldn't be recorded -- they wouldn't be recorded as killing the patients' bill of rights -- but they could kill it and still satisfy the insurance companies that are doing their best to do it.

There's still time. We haven't broken for the election yet. We can still do the right thing by the American people. But we have to think about it, we have to focus on it, and we have to put our priorities where they ought to be. I think it's worth fighting for the patients' bill of rights in the closing days of this congressional session. (Applause.)

Again, I want to thank the economic team here and our supporters in the Congress, including those who are here today, for giving more Americans a chance to live the story that Monique has told us about. I want to thank her for coming today and bringing her beautiful daughter. I know we all wish them well.

Our prayers are with the people who are about to be affected and those who have been affected by the hurricane. And I ask that all of us focus on using these last days of this congressional session to think about the American people, to think about our responsibilities, to think about what got us here over the last six years, and instead of departing from it, to bear down and build on it. That is my goal and that's what we ought to do.

Thank you very much. (Applause.)

Q Mr. President, do you see any way out of an impeachment inquiry?

THE PRESIDENT: Well, let me answer you this way: the right thing to do is for us all to focus on what's best for the American people. And the right thing for me to do is what I'm doing.

I'm working on leading our country, and I'm working on healing my family.

And if you look at what we announced today, what does it tell you? It proves, number one, that the course we have followed has been the right course for America. That's what it proves. After six years, it can't be an accident anymore.

But the second thing it proves is that it is utterly foolish for people to be diverted or distracted from the urgent challenges still before us. I told you that we had a record -- a record low in African American unemployment and poverty; a record low in the poverty rate for children, of African American children. Do you know what that record low is? It's about 39 percent. In other words, it's breathtakingly high. That's just one statistic.

So what does that tell me? It tells me that the right thing to do is, if we all put progress over partisanship, put people over politics, put the American people first -- what would we do? Well, we would keep the budget balanced. We would save Social Security before we squandered the surplus. We would improve our schools. We would clean up our environment. We would pass the patients' bill of rights. And we would keep the economy going. That's what we would be focused on. That's what I am focused on. That's the way out.

The way out here -- and the only way out is for people in Washington to do what the folks in America want them to do, which is to take care of their concerns, their children, and their future. That's what I mean to do, and I'm going to do my best. (Applause.)

END 12:38 P.M. EDT

1996.

Combined with the expanded Earned Income Tax Credit, a tax cut for working families, this increase raised a full-time worker's annual income from about $10,000 to over $13,000. This is the good news.

The bad news is that there are still millions of workers in this country trying to raise a family and struggling to pay their bills -- workers like Cathy and Diane.

After the 1996 wage boost, 10 million American workers got a raise, and despite the dire predictions of some critics, millions of new jobs were created, and the unemployment rate fell dramatically. For teenagers, African Americans and women, employment rates have risen.

The minimum wage is a women's issue, a children's issue, a civil rights issue, a labor issue, a family issue. Above all, it is a fairness issue, a dignity issue and an issue of responsibility. The wealthiest nation on Earth can afford to do better for its citizens.

A vote against increasing the minimum wage at a time when we have low unemployment and low inflation -- when our prosperity and our economic policies are beginning to improve the lives of millions -- is wrong. We should not deny any American who works hard and pays taxes the opportunity to participate in our prosperity.

The President has said, "If we value work and we value family, we should increase the value of the minimum wage." This is why he will continue to fight to increase the minimum wage and why I hope every member of Congress will support him.

To find out more about Hillary Rodham Clinton and read her past columns, visit the Creators Syndicate web page at www.creators.com.

"All the News That's Fit to Print"

The New York Times

Washington Final
Washington and Baltimore: Mostly sunny and warm, highs low 80's. Tonight, mainly clear and cool, lows 50's to near 60. Tomorrow, sunny, highs low 80's. Weather map is on page A24.

VOL. CXLIX .... No. 51,656 SATURDAY, SEPTEMBER 25, 1999 ONE DOLLAR

N.H.L. Seeks Aid to Keep Canada's Sport in Canada

By TARIK EL-BASHIR

In a bid to keep hockey, the Canadian national sport, in Canada, the National Hockey League has asked the Canadian Government to subsidize the country's six major-league hockey teams by more than $30 million a year.

The owners of four of the six teams say that they are in dire financial straits and that most of them could be be forced to sell their teams or move to the United States unless the Canadian Government steps in.

"We have no other choice," said Rod Bryden, chairman of the Ottawa Senators. "We can either leave or go bankrupt. We won't sit here and die. We'll go somewhere else — the States — where we can thrive. I don't think Canadians realize how desperate the situation is."

The proposal from the N.H.L., which if approved would involve a government more directly than ever before in the everyday operation of professional sports in North America, calls for the Canadian Government to give the league a share of the revenue from provincial lotteries that are based on the outcome of N.H.L. games. It is part of a package of recommendations from the league to help the Canadian clubs compete financially with their American counterparts and to prevent some of them from migrating to American cities.

The league has been talking with national and provincial officials in Canada for the last 18 months about the economic strains endured by most of the Canadian franchises. These include the amount of taxes on property and income and the weakness of the Canadian dollar compared to the American dollar. The Montreal Canadiens, hockey's most fabled franchise, who along with the Toronto Maple Leafs are relatively stable and unlikely to move, say they pay more in property taxes each year than all 22 of the American N.H.L. teams combined.

In an attempt to move the talks forward, the league presented a formal proposal to the Canadian Government last week. The eight-page plan asked for significant tax relief and 20 percent of the money raised by the existing and quite popular provincial lotteries that are based on N.H.L. games. Last year, revenue from those lotteries totaled $170 million.

Relief from local taxes is common for most American professional teams as is government aid in building stadiums. In one sense, the Canadian hockey teams are asking only for the tax advantages now enjoyed by nearly all their American competitors.

Government officials in Ottawa are reviewing the plan and have not formulated a response, said Jennifer Sloan, a spokeswoman for the Canadian Industry Minister, John Manley, who has been overseeing the talks between the national Government and the N.H.L.

But the proposal has already sparked a spirited debate in Canada. Proponents contend that because hockey is an essential part of Canadian culture, the Government should step in to keep the six teams in Canada. Opponents ar-

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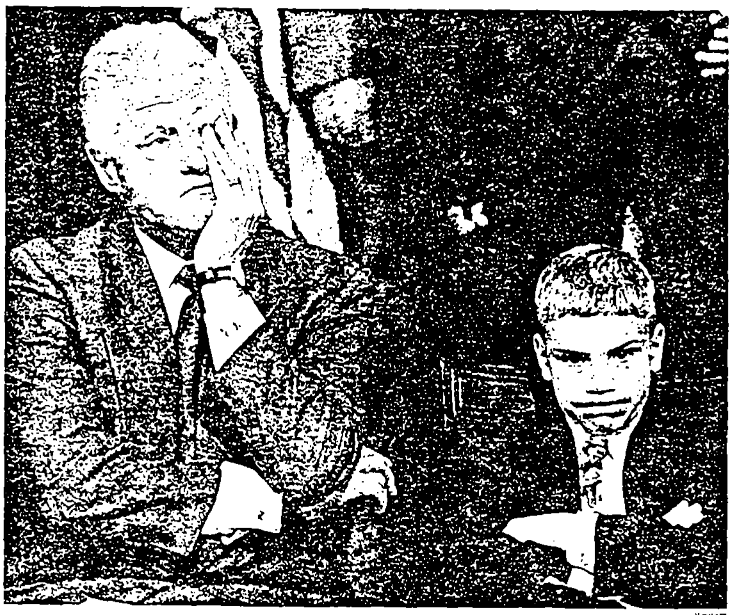

Rewarding Adoptions

President Clinton yesterday announced awards of $20 million to 35 states that have increased adoptions from the foster care system. Mr. Clinton wiped his eye after hearing about the adoption of Brian Keane, right.

Reuters

REBEL BUCHANAN IS URGED BY BUSH TO STAY IN G.O.P.

ACT FUELS CONTROVERSY

Front-Runner Stresses He Will Need 'Every Vote I Can Get Among Republicans'

By ALISON MITCHELL

WASHINGTON, Sept. 24 — After days of roiling party strife over Patrick J. Buchanan, Gov. George W. Bush of Texas today asked the renegade Republican to stick with the party, saying "I'm going to need every vote I can get among Republicans to win the election."

Mr. Bush's comments showed him making an effort as the party's front-runner to hold together the Republican coalition after a strange week in which Mr. Buchanan, a conservative commentator, has drawn the Republicans into a consuming debate over the merits of the Western response to Hitler.

But Mr. Bush's remarks, made in an interview with editors and reporters of The Associated Press, sparked a new controversy. They put him at odds with rival Senator John McCain of Arizona and a growing band of Republican critics of Mr. Buchanan who say he has strayed so far from the American mainstream in his views on foreign policy that the party should bid him farewell and let him seek the Reform Party nomination.

Mr. Bush's call for Mr. Buchanan to remain in the party came two days after the Governor told an array of Jewish groups and Jewish Republicans at a private meeting in Austin, Tex., that he would not join the escalating public debate over Mr. Buchanan's views. Mr. Bush told them that he thought he would inflame the discussion and draw more attention to Mr. Buchanan, several people said.

His appeal to Mr. Buchanan today drew some instant criticism. "I think McCain is right and Bush is wrong," said William Kristol, the editor of The Weekly Standard, a conservative magazine. He said Mr. Bush's stand "will ultimately backfire" when the Democratic nominee turns to Mr. Bush in a debate and says "Pat Buchanan said A B C and you want him in your party and want his support."

Abraham H. Foxman, the national director of the Anti-Defamation League, who attended the meeting on

Continued on Page A10

African Virus May Be Culprit In Mosquito-Borne Illnesses

By JENNIFER STEINHAUER

The mosquito-borne illness that has killed three people in New York City may not be St. Louis encephalitis, as experts have thought, but rather a similar disease that has never been diagnosed in the Western Hemisphere, Government scientists said yesterday.

The disease, West Nile virus, was discovered this week in dozens of birds that died in and around the Bronx Zoo this summer. The virus is indigenous to Asia and northern and eastern Africa and occasionally makes its way to Europe, but has never been found in birds or people in this hemisphere, said Duane Gubler, the director of the division of vector-borne infectious disease at the Federal Centers for Disease Control and Prevention.

Before yesterday, the illness that has infected at least 14 people in New York City and 4 in Westchester County was believed to be St. Louis encephalitis, which was surprising enough because that disease is rarely found outside the Southeastern United States.

Scores of tests will need to be completed before health officials will be able to say for sure whether the infections were caused by some type of West Nile virus or St. Louis encephalitis. Officials at the C.D.C. said they hope to have the tests completed sometime next week.

But the discovery of the West Nile strain in the birds has cast some doubt on the original diagnosis, officials said. "West Nile virus is closely related to St. Louis encephalitis, the virus we thought was causing the outbreak," Dr. Gubler said. The discovery of the dead birds, he said, "has caused some confusion as to whether that is true now."

The finding of the West Nile virus in New York stunned experts, who have no theory so far on how the strain found its way here.

If officials confirm that the disease that sickened New Yorkers was the West Nile virus, it would have no practical effect on those who have fallen sick, or on the efforts to control the disease from spreading. Both illnesses are transmitted from birds to mosquitoes to people by the same type of mosquitoes, and the same insecticide would be used.

The symptoms of both illnesses are virtually the same and are usu-

Continued on Page A14

Abortion Laws Voided

A Federal appeals court in St. Louis ruled that laws in three states banning a type of late-term abortion were unconstitutional. The court said the laws were too broad.

Article, page A11

Jakarta Delays A Security Bill As Riots Rage

By MARK LANDLER

JAKARTA, Indonesia, Sept. 24 — Yielding to a wave of violent unrest, President B. J. Habibie said today that he would delay signing an unpopular security law that was rushed through Parliament on Thursday.

The passage of the law ignited the most violent turmoil here since November. Students objected both to the content of the law, which they said would grant sweeping new powers to the military to impose martial law, and to the way it was approved, in a hastily arranged vote on the next-to-last day of the Parliament session.

After clashes between the police and students that raged all night, the mayhem intensified as troops fought thousands of students and others in the heart of the business district.

Four people were killed and more than 100 were injured, officials at hospitals said. Of the four dead, three were demonstrators and one was a police officer who was hit by a car.

Officials said the top military commander, Gen. Wiranto, had decided to delay enforcing the law after it became clear that the students were not going to back down. As Defense Secretary, General Wiranto had proposed the legislation and led the Government lobbying campaign, but after the protests in response, he advised Mr. Habibie not to sign it.

"Half the people do not understand the contents of the bill," a spokesman for the military, Maj. Gen. Sudrajat, said. "Because of that, the Government has decided to suspend the security law."

Officials said the army and the Government had been caught off guard by the size and ferocity of the protests.

"What happened in the last two days is very serious," an adviser to President Habibie, Umar Juoro, said. "What is the point of the Presi-

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Aged Upstart, College Board, Is Joining Gold Rush on Web

By JODI WILGOREN

Under threat by the rapidly growing on-line industry that helps students prepare for and select colleges, the College Board, the nonprofit organization that administers the SAT, voted yesterday to create its first for-profit subsidiary in a move to establish a flashy full-service Web site of its own.

The unanimous vote of the College Board's 24 trustees is a radical shift for a staid 100-year-old group best known as the objective overseer of college-entrance exams, thrusting an institution honored for its dispassionate conservatism into the big-money world of Internet start-ups. It follows a spate of new advertisement-driven on-line ventures — including an upgrade just this week of the Princeton Review's Web site — focusing on the lucrative high-school and college market, a trend that has raised concerns about the commercialization of education.

"We're not willing to give up our not-for-profit expertise to somebody who's just in it for the money," said Gaston Caperton, who took over as president of the College Board in July. "We have the right values. We have the right goals. What we have to do is have the right capital and expertise to compete."

The plan for a Web site to cater to a college applicant's every need, from financial aid forms to SAT tutoring, marks the convergence of two major trends in education in the 1990's, the expansion of for-profit enterprises and the explosion of electronic endeavors.

"We're living in a world of piranha economies in regard to education," said Arthur Levine, a scholar of higher education who is president of Teacher's College at Columbia University. "Every Wall Street firm seemingly, has an education department. Venture capitalists are mov-

Continued on Page A11

France Shops for Another Pretty Face

By SUZANNE DALEY

PARIS, Sept. 24 — Early statues show a young woman with a helmet on her head and armor over her breast. Later, Marianne looked virginal in a translucent dress. Brigitte Bardot and Catherine Deneuve have posed for statues of her. Those versions — replicated in the workshops of the Louvre — grace city halls across the country.

Now a question of monumental importance is sweeping France: As the 21st century dawns, does France need a new pretty face in a skimpy dress as a national symbol? And if so, which one?

"Marianne" — there are different versions of where her name came from — is the character embodying La France, a sort of Uncle Sam with curves. In a 1794 version, she is helmeted like the Greek goddess Athena and leans on a spear.

In Delacroix's "Liberty Leading the People," waving a flag and carrying a rifle, she leads the rabble's charge over the barricades, her hands too full to hold up her drooping bodice.

Every mayor in France gets to pick a Marianne statue, and they usually end up buying the classic versions, according to Françoise Pfiffer, who runs the Louvre studio that makes most of them. But often, she said, they spend a lot of time mulling over the Bardot, with its artsy wet-T-shirt look. France's city halls would look quite different if French men dared to go shopping alone.

"They really want the Bardot, but their wives object," Ms. Pfiffer said. "One mayor came here with his wife and she was quite shocked when she saw the breasts. I managed to reassure her by telling her that most of the time, the statue wears a Tricolor sash that covers all that up."

Which raises another question: If a new Marianne has to be chosen, why can't the country that has produced George Sand and Françoise Sagan pick one on the basis of something other than looks?

Of the five finalists chosen by the 36,000-member Association of French Mayors, two are supermodels, one is a game-show host, one a singer and one a television news anchor. The mayors vote by the end of this month, and a new statue is to be unveiled in November.

The Mayor of the small town of Artigues-pres-Bordeaux, Françoise Cartron, 60, has already fired off a letter to the association chiding them for their choices — beautiful women and honorable ones, she said, but should choosing a new Marianne be a beauty contest?

"We must move away from the conventional course of a Marianne who is uniquely a symbol of feminine beauty," Mrs. Cartron said. "These days women no longer settle for the limitations that were too often forced on them, and the Marianne of the year 2000 should really resemble the women of this

Continued on Page A4

One of these Mariannes is Brigitte Bardot. Which?

One Last Explosion At Kazakh Test Site To Aid Arms Treaty

By JUDITH MILLER

KURCHATOV, Kazakhstan — Here under the desolate Degelen Mountains in the wind-swept Central Asian steppes, the Soviet Union detonated more than 400 nuclear explosions during the cold war that helped it perfect the world's largest arsenal of nuclear weapons.

If all goes well, at noon on Saturday, Sept. 25, the earth is expected to reverberate once more with the seismic shock waves of an underground blast with the force of 100 tons of TNT.

But this time, the explosion in the next-to-last tunnel of an underground maze that once crisscrossed the world's largest nuclear test range will be conventional, not nuclear. And its goal is to insure that this site will be used for war no more. Scientists say the blast will also help them identify and measure secret underground nuclear tests conducted by, say, India, Pakistan and China or by rogue states.

"North Korea is full of tunnels," said a senior Pentagon official.

Since 1994, the United States and Kazakhstan have quietly collaborated on a series of ambitious projects worth more than $170 million, financed by Washington, to help the now independent Government of President Nursultan A. Nazarbayev

Continued on Page A6

INSIDE

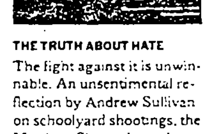
A Hostile Offer for Natwest
The Bank of Scotland mounted a $34 billion hostile bid for National Westminster Bank, an institution twice its size. BUSINESS DAY, PAGE B1

Trump's Chances
Donald J. Trump says he will decide within three months whether to run for President. It depends, he says, on whether he can win. PAGE A12

A Biography Is Canceled
A biography by a Scottish author was ordered destroyed by his publisher after a report called it plagiaristic. ARTS & IDEAS, PAGE A17

Stunning Start to Ryder Cup
United States golfers, though heavily favored, were dominated by Europe and trail, 6 points to 2, after the first day of the Ryder Cup. PAGE B15

COMING ON SUNDAY



THE TRUTH ABOUT HATE
The fight against it is unwinnable. An unsentimental reflection by Andrew Sullivan on schoolyard shootings, the Matthew Shepard murder, genocide and the easy consensus on hate crimes. *In The Times Magazine.*

AND THE WORLD OF TRAVEL
Celebrating things spiritual, historical, gustatory and equestrian. *The Sophisticated Traveler.*

NEWS SUMMARY A2

Updated news: www.nytimes.com

REBEL BUCHANAN IS URGED BY BUSH TO STAY IN G.O.P.

ACT FUELS CONTROVERSY

Front-Runner Stresses He Will Need 'Every Vote I Can Get Among Republicans'

A1

By ALISON MITCHELL

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But Mr. Bush's remarks, made in an interview with editors and reporters of The Associated Press, sparked a new controversy. They put him at odds with rival Senator John McCain of Arizona and a growing band of Republican critics of Mr. Buchanan who say he has strayed so far from the American mainstream in his views on foreign policy that the party should bid him farewell and let him seek the Reform Party nomination.

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His appeal to Mr. Buchanan today drew some instant criticism. "I think McCain is right and Bush is wrong," said William Kristol, the editor of The Weekly Standard, a conservative magazine. He said Mr. Bush's stand "will ultimately backfire" when the Democratic nominee turns to Mr. Bush in a debate and says "Pat Buchanan said A B C and you want him in your party and want his support."

Abraham H. Foxman, the national director of the Anti-Defamation League, who attended the meeting on Wednesday with Mr. Bush, said the Governor had, "Unfortunately put politics over principle." He said Mr. Bush should show "leadership and say a Pat Buchanan, with those views, should belong in no party."

Mr. Buchanan's campaign had no response to Mr. Bush tonight. Earlier today, Mr. Buchanan accused Republican critics who have taken sharp issue with his book, "A Republic, Not an Empire," of "opportunistically piling on me." The book includes passages questioning whether Hitler chose to wage war with the West or was driven to it by a promise by Britain and France to declare war on Germany if the Nazis invaded Poland. In addition, he argues that, in 1941, Hitler was preoccupied on the Russian front and did not represent a threat to the United States.

"Do those attacking me realize they are defending the policies that produced World War II and virtual annihilation of the Jewish population of Europe?" Mr. Buchanan asked in a statement released by his campaign. "While the West is busy erecting Holocaust museums, it has failed to study the history that produced it."

He said, "Today, the United States is handing out war guarantees all over Eastern Europe, guarantees a future generation of Americans may refuse to honor, guarantees that are driving a defeated, demoralized, divided and democratic Russia, with 20,000 nuclear weapons, straight into the arms of a Chinese Communist."

Mr. Buchanan's flirtation with the Reform Party has caused a schism among Republicans over how he should be dealt with, with some vilifying him as being far outside the party mainstream and others trying to keep him and his followers in the fold.

On Wednesday, Mr. McCain became the first Republican Presidential candidate to call for Mr. Buchanan to be ushered out of the party.

Mr. McCain, who was a prisoner of war in Vietnam, said Republicans should stand "on principle" against Mr. Buchanan because he considered Mr. Buchanan's views of World War II "so far outside of the philosophy of what America is all about that it's unacceptable."

A day later, another Republican Presidential candidate, Elizabeth Dole, stopped short of asking Mr. Buchanan to leave the party. But she said: "I am appalled by Pat Buchanan's comments. I not only disagree strongly with his analysis of history, I believe his comments are grossly insensitive to those Americans who gave their lives and those veterans who fought and suffered greatly to preserve freedom."

Jonathan Baron, a spokesman for former Vice President Dan Quayle, said, "Pat Buchanan is a good man and should not be driven out of the Republican Party for things he may not have even said and written."

Gary L. Bauer, another Republican Presidential candidate, said in an interview today that he did not think Mr. Buchanan should be forced from the party and considered the debate a "distraction from the issues the country really wants to debate in this election."

He added, "Having said that, I remember that my own father felt that the most noble thing he had done was to fight for the liberty of the people of Eastern and Western Europe."

After Mr. McCain called for Mr. Buchanan to be ushered out of the party, the Bush campaign initially responded by saying the Governor "will continue to run a positive, issue-oriented campaign that reaches out to all walks of life and broadens the base of the Republican Party."

Only when pressed on how Mr. Bush viewed Mr. Buchanan's account of history did the campaign add the statement, "Our soldiers were fighting for the cause of freedom, and Gov. Bush honors and appreciates all those who sacrificed for the freedoms we enjoy today."

On Wednesday, Mr. Bush and his senior advisers by coincidence held a long planned luncheon with representatives of a wide array of Jewish groups, including the Conference of Presidents of Major American Jewish Organizations, the American Israel Public Relations Committee, B'nai B'rith International and the Republican Jewish Coalition.

According to several people who spoke on condition that they not be identified, the two-hour session covered issues ranging from Middle East policy to the dividing line between church and state. Some of those present took the opportunity to make clear how troubled they were by Mr. Buchanan's role in the Republican Party and by his views.

Mr. Bush, several people said, agreed that he was troubled by Mr. Buchanan's view of history. But Mr. Bush said that he thought that if he entered the public debate it would only make it louder and win Mr. Buchanan more attention.

Today, Mr. Bush, in an interview with The Associated Press, said he disagreed with Mr. Buchanan's view that Nazi Germany was not a threat to the United States after 1940. He also said that Mr. Buchanan "inflicted a few" wounds on Mr. Bush's father's re-election campaign with a strong showing in the 1992 New Hampshire primary.

But he urged Mr. Buchanan not to bolt. "I don't want Pat Buchanan to leave the party," he said. "I think it's important, should I be the nominee, to unite the Republican Party. I'm going to need every vote I can get among Republicans to win the election."

Excerpts From Buchanan's New Volume

Following are excerpts from the book "A Republic, Not an Empire" by Patrick J. Buchanan:

Had Britain made an alliance with France to confront Nazi Germany with a Western defense wall, without making a commitment to Poland, the Allies might have stayed out of the titanic clash between the Nazis and the Bolsheviks. The first great blows of Hitler's war machine would have fallen on Stalin's empire, not the Western democracies. Such a policy would have left Poland in the lurch, but no more so than Britain and France did anyway. . . .

Following his victory, Hitler made no overt move to threaten U.S. vital interests. He occupied the Atlantic and Channel ports of France; halted his tanks at the Pyrenees; turned the rest of the nation over to the French Vichy Government; declined to occupy France's colonies in North Africa; offered England, in exchange for peace, guarantees of the British Empire; visited Paris; and went home, never to return. No one can know the mind of Hitler. But as of mid-1940, his actions argue that beneath the overlay of Nazi ideology, he was driven by a traditional policy of Drang nach Osten, the drive to the East. . . .

In this analysis Hitler had not wanted war with the West. But when the West declared war, he overran France to secure his rear before setting out to conquer the East. In this analysis Hitler saw the world divided into four spheres: Great Britain holding its empire; Japan, dominant in East Asia; Germany, master of Europe; and America, mistress of the Western Hemisphere.

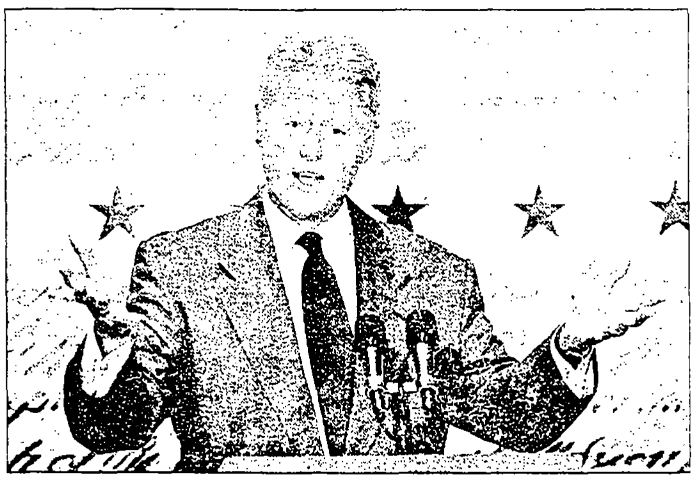
The New York Times

SATURDAY, SEPTEMBER 25, 1999

Shock Trooper Lands in Enemy Nest

Clinton Welcomes DeLay; Animosity Suspended; Aides Gape

By Charles Babington
Washington Post Staff Writer



BY MANNY CENETA—AGENCE FRANCE PRESSE

President Clinton addresses Democratic National Committee after hosting White House celebration of the increase in adoptions and foster parenting.

Heads turned and mouths gaped at the White House yesterday as one of President Clinton's harshest critics was ushered to a front-row seat for a ceremony featuring the president and first lady.

Rep. Tom DeLay (R-Tex.), the House majority whip, has never hidden his contempt for a president he wanted impeached and convicted. Nor have Clinton and his aides doubted that DeLay is among the fiercest of Congress's Clinton haters.

But there he was in Presidential Hall for an event that momentarily melted their mutual animosity: Celebrating a nationwide increase in adoptions, and encouraging more adoptions, especially of abused children.

DeLay and his wife are foster parents of two teenagers from abused backgrounds. Their championing of adoption and foster parenthood won DeLay a last-minute invitation Thursday night to yesterday's morning event, and he surprised some of his aides by accepting.

Even more surprising, some felt, were Clinton's public accolades for his GOP foe. The president told the audience that he recently read a newspaper profile of DeLay in which the House member criticized Clinton for taking "mulligans," or make-up shots, after a poor golf shot.

"He started grinding on my golf game and saying that I didn't count my scores and all this, and I was getting really angry," Clinton said, as DeLay laughed and nodded. "And then I get to the next part of the story, and it talks all about his experience and his commitment to adoption and to foster children, and the personal experience that he and his wife had. And my heart just melted."

The scene was even cozier at a small gathering before the event, according to witnesses. DeLay handed Clinton a business card entitled "Shine the Light on Children in the Darkness," which listed volunteer organizations for at-risk children. One witness told Reuters that DeLay said to the president, "Sir, since you won't have a whole lot to do in a year and a half, maybe you should consider being a foster parent." Clinton seemed surprised and did not respond, Reuters reported.

"The whole event was just so surreal," said Emily Miller, a DeLay spokeswoman who accompanied her boss to the White House event but not the smaller gathering. Walking through White House corridors with DeLay, she said, "people were coming out of their offices to look, doing double takes, triple takes. It was like an alien was walking through the White House."

> "It was like an alien was walking through the White House."
>
> —**Emily Miller**, who accompanied her boss, House GOP Whip Tom DeLay (R-Tex.), to the executive mansion

The Clintons announced a 29 percent increase in adoptions from 1996 to 1998. They hailed a 1997 law that speeds up the adoption process and announced awards of $20 million to 35 states that have increased the number of children adopted from the public foster care system.

If Clinton's day began in bipartisan generosity, it quickly took a partisan swerve. He went from the adoption event to the fall meeting of the Democratic National Committee, where he delivered a final, wistful speech before the 2000 elections consume the DNC's attentions. Clinton said Democratic candidates next year should tell voters that Republicans have been wrong time and again on issues ranging from the importance of reducing the deficit to the inconveniences of gun control and family leave measures.

"Remember how they told us family and medical leave is going to bankrupt the country?" he said, referring to a Democratic-backed measure that gives workers unpaid time off to deal with family emergencies. "Every year, we've set a new record for new small businesses formed. They were wrong and we were right about that."

Former Colorado governor Roy Romer gave his farewell speech as the DNC's general chairman. He's making way for Philadelphia Mayor Edward Rendell, seen as a more potent fund-raiser.

Romer, who will help plan the 2000 Democratic National Convention in Los Angeles, attacked the Texas governor. Citing problems of the presidential administration of Bush's father, Romer told the DNC gathering: "After the failed policies of one George Bush, why would we hand the White House back to another George Bush?"

DNC staffers warmed up the audience with a video making fun of GOP firebrands, while the tune "Crazy" played in the background. The main feature? Tom DeLay.

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Clintons Seek New Financing on Home

By John F. Harris
Washington Post Staff Writer

President Clinton and first lady Hillary Rodham Clinton hope by next week to complete a new financing arrangement for the home they are planning to buy in suburban New York—relying this time on a conventional mortgage rather than on a loan guaranteed by Democratic fund-raiser Terence McAuliffe.

The Clintons, according to sources, are weighing options from several lending institutions to pay for their pending purchase of a $1.7 million home in Westchester County. All the plans would allow the first family to disengage themselves from an earlier, $1.3 million loan from Bankers Trust that had sparked controversy.

The Clintons' current, unorthodox financing plan eliminates the risk to Bankers Trust with a requirement that McAuliffe personally back the loan by placing the full amount of the mortgage, in cash, in an account with the bank. That drew criticism from public interest groups, who said that it effectively was an improper gift from McAuliffe—a close friend of the Clintons who also has extensive business and political dealings in Washington.

After publicity about the arrangement, sources said, several people helping the Clintons with the sale received numerous offers from other potential lenders. The lenders said there was no reason the Clintons—despite having several million dollars in legal debts incurred during their White House years—could not be eligible for a conventional loan, using only the new house itself as collateral.

The Clintons tentatively plan to apply for a new loan within days, although White House lawyers Cheryl Mills and Bruce Lindsey are still reviewing the possible arrangements.

For all the criticism the McAuliffe-backed loan spurred, some sources cautioned, the White House may yet decide it raises fewer questions than a new mortgage would. Critics, they said, might ask whether another bank, eager for a high-profile deal, is offering a loan that is more attractive than what an average person might be able to secure.

The search for a new lender was first reported in yesterday's Wall Street Journal.

The deliberations underscore how routine transactions for any couple—such as finding a place to live—are anything but when one partner is a sitting president and the other is a prospective Senate candidate in the state to which they are moving. Originally, the Clintons' loan was to be secured by former White House chief of staff Erskine B. Bowles. But Bowles backed out at the last minute because, according to associates he has spoken with, he did not want to be subjected to the publicity offering such help would bring. McAuliffe, who has helped the Clintons raise money for numerous projects, offered to step in.

If the Clintons do change their financing before the planned Nov. 1 closing, it would not be particularly unusual. In New York's hot real estate market, a purchase bid is often uncompetitive if it is contingent on getting a loan. (In the case of the house the Clintons bought, sources said, there were several other competing bids.) Often, a buyer arranges different financing after an offer has been accepted.

Kathy Sloane, an agent with Manhattan-based Brown Harris Stevens who worked with the Clintons in their house search, declined to comment on the first family's pending purchase. But she said her firm routinely helps customers who have pre-approved loans search for better options before closing.

"We suggest options for them," she said. "We are constantly bombarded by mortgage companies offering their products."

In any event, the Clintons would have to get a new loan if Hillary Clinton wins election to the Senate—because Senate rules do not allow a loan of the sort the Clintons are planning with McAuliffe.

McAuliffe, who rode with Clinton back to the White House from a speech to Democrats yesterday afternoon, said he remains ready to help or step aside as requested.

"I'm there if the president and first lady need me," he said. "However, at the end of the day, if the guarantee is not needed, I'm sure there will be plenty of people to help me figure out how to spend my money—including a few Democratic politicians."