

DRAFT #1
GENERIC REQUEST

Dear _____,

I want to bring your attention to a program Hillary and I have embraced that is having a profound effect on school children across the country. The VH1 Save the Music Foundation is a non-profit organization created by the cable channel VH1 to restore music education programs in our public schools. I'm asking for your help.

Music education is a necessity, not a luxury. It not only sparks confidence and creativity in our children, but also builds brain power. School kids who receive music instruction go on to score higher on Math and English tests.

I can speak to this first hand. I still remember my music teachers, Carol Powell and Virgil Sperling, and the important lessons I learned from the power of music. I don't think I would be President if it hadn't been for school music programs.

Hillary and I believe that VH1 Save the Music is one of the greatest examples of a private corporation using its resources for public good. We have both given our time and support...I even donated one of my personal saxophones to a public school here in Washington DC. Just two weeks ago, we hosted a concert here at the White House featuring some of the biggest names in music who gathered to help raise awareness for music education.

I hope you will join us in supporting the VH1 Save the Music. To date, the initiative has raised \$25 million in support of music education and has pledged to pass \$100 million by the year 2007. My friend John Sykes, the President of VH1, will be contacting you soon to let you know how you can be a part of this important initiative. Please consider his request. Financial support from organizations like yours will help us bring music education to all of our nation's children.

Thank you in advance for getting involved.

Sincerely,

Dan -
WHAT DO YOU
THINK?
Carolyn -
10-19-99
11-8-99

Can I do this -

Can Personnel handle ?!

h

'99 NOV 8 AM 10:46

'99 OCT 27 PM 5:51

Dear Mrs. Currie,

My name is Jason Reese
and I am a 21 year
old senior here at Davidson
College in North Carolina.

I have come to admire and
respect you deeply for
the integrity with which
you have conducted yourself
throughout this Ford
impeachment affair. Thank
you on behalf of the
entire nation!

I am currently debating
between majoring in either
US History or political science
here at Davidson, with an
eye towards law school
and perhaps even a career
in the political arena.

I was wondering if you
might please have any
advice for me in such
career goals?

I am also eager to hear
your answer to the following
questions — how do you feel
history will judge the
Clinton administration?

What has been your best
day as a member of Clinton's administration?

Could you please sign
the enclosed items for
me? But if there
is anything else you could
please send me, such
as an autographed
photo, a signed business
card, or a letter
answering my previous
questions, it would be
greatly appreciated.

Finally, might you please be able
to find a way to get
President Clinton to authentically
sign and inscribe a photo
to me of himself with his family?
I admire him so much
but when I wrote to him at
the White House all I
received was a photo signed
by an autopen machine (??).

Thank You Very Much!

Jason Reese
PO Box 4138
Davidson, NC

28036

Sincerely,

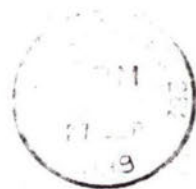
Jason Reese

Ms Betty Currie



Jason Reese
PO Box 4138
Davidson, NC 28036

Jason Reese
PO Box 4138
Davidson, NC 28036



Please Forward

Ms Betty Currie
40 White House
1600 Pennsylvania Ave NW

~~28036-0901~~

Personal

Mr. Jason Reese - 4291558 - People Summary

Show All	Hide All	Show General Information	Edit Person	Add a New Address	Delete an Address	Assign as Agency Contact
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General Information There are no other members of this household in the database.

Hide Closed Mail	Add Incoming	Add Accountable	Add Outgoing	Repeat Last Letter	Display as Text
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Mail Summary Mr. Reese has 0 pending letters and 4 closed letters.

#Status	In ID	Date In & Method	Issues	Out ID	Date Out & Method	Aide
1 Closed	3889017	03/19/1998 usmail		388901703/19/1998 usmail	STR	- Pres
2 Closed	3478082	04/23/1997 usmail		347808204/23/1997 usmail	KAB	- Chelsea
3 Closed	3423110	03/14/1997 usmail		342311003/25/1997 usmail	CXM	- Erskin
4 Closed	3346710	01/27/1997 usmail	PANETTA Leon Panetta	334671001/27/1997 usmail	TAB	

Add Workflow

Workflow Summary Mr. Reese has 0 open workflow and 0 closed workflow.

Add Event

Event Summary Mr. Reese has 0 associated events.

Add Gift

Gifts Summary Mr. Reese has 0 open gift(s).

Mr. Jason Reese - 4291558 - People Summary - VRANICH_J -

Version 2.1.5 on s_who00010 using the default configuration on the qpower/qng database with WORD 97 under 800x600 resolution - 10/29/1
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THE PRESIDENT HAS SEEN
11-8-99

THE SECRETARY OF STATE
WASHINGTON

October 15, 1999

✓
Dear Mr. President,

Sammy
for H

Thank you for the time you spent on our budget this morning. I found our discussion encouraging. I believe we have a sound strategy and I will follow through in all the ways we discussed.

I have attached fact sheets for your information, detailing what the State Department does on a daily basis for the American people.

Many thanks,

Al Gore

copied
Berger
Podesta



UNITED STATES DEPARTMENT OF STATE

RESOURCES FOR AMERICAN LEADERSHIP

SECURITY - PROSPERITY - VALUES

We are talking about one percent of the federal budget. But that one percent may determine 50 percent of the history that is written about our era. And it will affect the lives of 100 percent of the American people.

— Madeleine K. Albright

America is the world's leading economic and military power, with interests on every continent. We will enter the Twenty-first Century confronted both by unprecedented opportunities and new dangers. The question is whether we will have the resources needed to provide the kind of international leadership our citizens deserve and our interests demand.

Today, only about one penny out of every dollar the United States Government spends is used for international affairs.

A small increase in this investment would help significantly in promoting the security, prosperity, and values of the American people.

Yet, after years of small cuts, a reduction of \$3.2 billion — over 14 percent — is being proposed in the President's FY 2000 budget request. This does not reflect additional emergency needs necessary to respond to the unanticipated costs of peace implementation in Kosovo and other crises.

If the proposed cutbacks are enacted, the United States will have no choice but to reduce efforts to prevent future wars, counter terror, fight drugs, and preserve a healthy global economy. At a turbulent time in a troubled world, this is unwise, even dangerous.

Moreover, the United States is already dead last among the world's industrialized nations in the proportion of our wealth that we allocate to building democracy and aiding development in other countries. We are also the world's number one debtor to the United Nations and other international organizations. It is clear that the resources we devote to funding America's international leadership are not keeping pace with our responsibilities.

It is also clear that our international affairs programs are a bargain. Below is a sample of the benefits they provide for the American people.

Safeguarding American Security:

- In guarding against the security threats of the 21st Century, the State Department is often America's first line of defense.
- We have negotiated agreements to halt nuclear proliferation, prohibit nuclear explosive tests, ban chemical weapons, and restrain the development and transfer of other advanced weapons technologies.

- We have helped deactivate 5,000 nuclear warheads in the former Soviet Union and eliminate nuclear weapons from three former Soviet Republics.
- We are helping more than 25,000 former Soviet weapons scientists to find employment in peaceful commercial ventures, so they are not tempted to sell their expertise to those who might do us harm.
- In volatile regions such as the Middle East, Northern Ireland, Cyprus, and the Balkans, our diplomats help prevent, contain and end conflicts; thereby making it less likely that America's armed forces will be called upon to fight.
- During the past two years, we assisted law enforcement officials in bringing more than 200 suspected criminals and terrorists to the U.S. to face American justice.
- Our anti-narcotics programs have helped to end opium production in Thailand, cut coca production in Bolivia and Peru, and intercept billions of dollars worth of drugs before they could reach American neighborhoods and schools.

Building American Prosperity:

- U.S. foreign policy helps America to remain the dynamic hub of the world economy, and to see that American genius and productivity receive their due.
- Through our embassies, we help ensure that American farmers, business people, and workers have a level playing field on which to compete for foreign investment and trade.
- We negotiate market-opening trade agreements that expand opportunities for the sale of American products and services abroad.
- We promote and license exports that contribute tens of billions of dollars to the U.S. economy.
- We work to ensure the protection of American intellectual property rights.
- We help other countries develop strong free market economies and to become better trading partners for the United States.
- Our student exchange programs increase international understanding, while contributing to the \$8 billion that foreign students spend in the United States every year.
- The State Department spends 45% of its budget and USAID 70% in the United States.

Promoting American Values:

- A key objective of U.S. foreign policy is to promote values that reflect the interests, characters, and ideals of the American people.

- We support democratic nations and principles diplomatically, and through programs that help nations to build strong democratic institutions.
- We strive to promote individual rights such as freedom of religion, expression, speech, and due process in countries where these rights are in jeopardy or denied.
- Our support for international humanitarian efforts annually provides life-giving aid to more than 20 million people, helps reduce poverty, and eradicates disease. Thanks to the generosity of the American farmer, the U.S. is the largest provider of emergency food assistance as well as reaching well over 16 million people last year.
- More than 90 million people receive independent information from the Voice of America and other U.S. supported broadcasting facilities.

Our Diplomatic Missions:

- More than two million American travelers each year rely on our diplomatic posts for passport issuance's and help in coping with emergencies such as injury, illness, or theft.
- We process more than eight million requests for US visas each year, screening to promote American business and tourism, while protecting our citizens from known terrorists and criminals.
- Our 260 foreign posts provide platforms for 30 different agencies working to advance U.S. interests abroad. Many of these facilities are aging and vulnerable and cannot support secure, reliable communications and information technology.
- Those who work in our diplomatic posts abroad take risks every day — for us. They deserve the protection that would be provided by full funding for the new multi-year security construction program the Administration has proposed.

America cannot be secure if we do not lead; and America cannot lead without resources.

October 15, 1999



UNITED STATES DEPARTMENT OF STATE

RESOURCES FOR AMERICAN SECURITY

We are talking about one percent of the federal budget. But that one percent may determine 50 percent of the history that is written about our era. And it will affect the lives of 100 percent of the American people.

— Madeleine K. Albright

The Cold War is over and America is strong, but our citizens continue to face grave dangers. These include terrorists who target Americans, possible conflicts in key regions, drug traffickers, and the spread of nuclear, chemical, and biological weapons and the missiles that deliver them.

In most cases, we cannot defend against these threats by force alone or by acting alone. We need the help of others. We must reserve the possibility of military action, while doing all we can diplomatically to make the use of force unnecessary.

This means, as President Clinton has said, "we must pay attention not only to military readiness, but to diplomatic readiness as well" because the "costliest peace is far cheaper than the cheapest war."

Securing Peace, Preventing Aggression, Defusing Crises:

- In volatile regions such as the Middle East, Northern Ireland, Cyprus, and the Balkans, our diplomats help prevent, contain, and end conflicts, thereby making it less likely that America's armed forces will be called upon to fight.
- The State Department helps to ensure that allies and friends undertake their fair share of the costs and risks of maintaining international security and peace. We do this both bilaterally and through international organizations like the United Nations.

Arms Control and Non-Proliferation:

- We have negotiated agreements to halt nuclear proliferation, prohibit nuclear explosive tests, ban chemical weapons, and restrain the development and transfer of ballistic missiles and other advanced weapons technologies.
- Since 1992, our diplomacy and support has helped deactivate almost 5,000 nuclear warheads in the former Soviet Union; eliminate nuclear weapons from three former Soviet Republics; strengthen the security of nuclear weapons and materials at more than 100 sites; and facilitate the purchase more than 60 tons of highly-enriched uranium that could have been used by terrorists or outlaw states to build nuclear weapons.
- We are helping over 25,000 former Soviet weapons scientists find employment in peaceful commercial ventures, so they are not tempted to sell their expertise to those who might do us harm.

- We have negotiated an "Agreed Framework" to freeze North Korea's dangerous plutonium production and separation facilities, monitor those facilities, and safely store weapons-grade material once it is removed from the country.

International Terrorism:

- The State Department helps train friendly governments in counterterrorism; offers rewards for terrorist suspects; and gathers information to warn Americans and prevent terrorist attacks.
- Since late 1997, more than 200 criminal suspects have been brought home to face justice in U.S. courts through the efforts of the State Department and law enforcement officials. These include six persons charged with responsibility for the 1993 World Trade Center bombing, and five others accused of bombing two of our embassies in Africa in 1998. In addition, two men charged with killing 169 Americans on Pan Am 103 are now before a Scottish court.
- State Department's civil aviation security and anti-hijacking programs ensure the safety of U.S. citizens traveling abroad.

International Drug and Crime Control:

- Last year our international drug control programs helped prevent a potential 135 tons of cocaine — worth over \$23 billion in illicit retail sales — from reaching U.S. streets.
- We have helped to end opium production in Thailand and Guatemala; cut coca production in Bolivia and Peru by up to 40 percent; and worked with foreign governments to break up transnational drug organizations.
- We work with foreign governments to crack down on high-tech crime, alien smuggling, firearms trafficking, and the theft of everything from automobiles to intellectual property rights, crimes that costs Americans billions of dollars every year.
- We are working to strengthen judicial systems around the world so the leaders of drug and crime syndicates have nowhere to hide. More of these kingpins are now being extradited to stand trial in the United States thanks to the improved extradition treaties we are negotiating.

October 15, 1999



UNITED STATES DEPARTMENT OF STATE

RESOURCES FOR AMERICAN PROSPERITY

We are talking about one percent of the federal budget. But that one percent may determine 50 percent of the history that is written about our era. And it will affect the lives of 100 percent of the American people.

— Madeleine K. Albright

A major goal of U.S. foreign policy is to promote American prosperity within a growing and healthy world economy, and to ensure that our farmers, workers, and businesses have a level playing field on which to compete.

The American economy is strong today because of the energy, innovation, and skills of our people. We have the most competitive economy on Earth. Our foreign policy cannot take credit for that; but we can and do support it.

Trade Means Jobs:

- Since President Clinton took office, we have negotiated more than 270 trade agreements, including the Uruguay Round and agreements on information technology, basic telecommunications, and financial services. This matters because these agreements help reduce tariffs on the sale of American goods and services.
- Trade has been responsible for almost one-third of the sustained economic growth we have enjoyed these past six years.
- Today, more than 10 million U.S. jobs are supported by exports, and these are good jobs, paying — on the average — significantly more than non-trade related positions.
- In 1998, the Export-Import Bank provided financing for more than \$13 billion in American exports.
- U.S. exports to the developing world — our fastest growing trade partner — totaled \$275 billion in 1997 alone.

International Economic Leadership:

- The State Department, in support of President Clinton, has worked to reduce the risk of renewed international financial crisis by helping embattled foreign governments to make critical reforms, improve accountability, and increase transparency. We have encouraged key economies in Europe and Asia to adopt more pro-growth policies. And we have supported reforms in the operation of the International Monetary Fund and other global financial institutions.

- U.S. leadership is essential to resolve environmental and health problems. The State Department leads key negotiations on biosafety, climate change, hazardous chemicals, forests, and marine resources, achieving scores of agreements yearly.

Helping American Business:

- The State Department values its dynamic partnership with America's business community.
- We consult regularly with business leaders to ensure that their views are taken into account when foreign policy decisions affecting them are made.
- Our embassies are charged with knowing the local market, recognizing opportunities, and helping to ensure that American businesses can compete fairly. This pays off. For example:
 - A Michigan company received a \$700 million contract for independent power and desalinated water in the Persian Gulf. It called the Embassy's advocacy "critical."
 - The Department's advocacy with the Italian government prevented a policy change that would have jeopardized \$1 billion in U.S. investment in Italy's electricity sector.
 - We successfully promoted the privatization of Inmarsat, paving the way for competition by U.S. firms.

Daily business transactions depend on networks of financial, legal, and other arrangements that are established and maintained with the help of the State Department. This is especially important for new industries like Internet commerce and parts of the telecommunications industry. For example:

- In the last two years we have ensured that the most lucrative E-commerce markets — estimated to be worth \$350 billion by 2002 — are taxed without discrimination and without costly customs duties.
- We won European Union assurances that its technical requirements for cellphones will not discriminate against American cellphones.

But more established industries also benefit. For example:

- In the past four years we have negotiated 34 agreements opening aviation markets to U.S. companies. These help our airline industry, and U.S. cities that are now international destinations. For example:
 - Because of our new aviation agreement with Japan, Dallas-Forth Worth estimates that the new Japan service will contribute almost three-quarters of a billion dollars annually to the North Texas economy.
- UPS's expanded air express hub in Louisville, Kentucky — spurred by our efforts to open up foreign markets — will create 14,000 jobs with an annual payroll of nearly \$500 million.

Protecting American Genius:

- The State Department is working on every continent to negotiate agreements that will safeguard America's intellectual property rights, and prevent counterfeiting that costs the film, music, and software industries as much as \$200 billion a year. We also work to ensure that agreements made are agreements kept, by pressing foreign governments to act when violations occur.
- In addition, the Department annually processes approximately 44,000 export licenses valued at more than \$25 billion in sales of defense articles and services sustaining over 120,000 American jobs. Our responsibility is to see that American technology is not misused or passed to unauthorized persons, who would appropriate it for commercial or security purposes harmful to our wellbeing.

Leveling the Playing Field:

- The State Department has aggressively promoted anti-corruption efforts because it is right and because we believe other countries should observe the same high ethical standards we set for ourselves. For more than 20 years, it has been a crime for US companies to bribe foreign officials in order to win contracts. Their competitors have faced no similar penalties and in some cases could even deduct the cost of bribes from their taxes. We recently negotiated an agreement this year that will criminalize foreign commercial bribery throughout the industrialized world.
- In one instance last year we learned about a bribe offered by a foreign firm. We exposed the corruption, and the contract went to a US firm based on fair competition.

Developing Markets:

- Many of America's fastest-growing markets are in developing countries where the transition to an open economic system is incomplete. We work through USAID, the multilateral development banks, and key international organizations to assist development, strengthen democratic institutions, and broaden opportunity in parts of Europe, Asia, Africa, and Latin America. By so doing, we contribute to our own prosperity while strengthening the international system, in which we have the largest stake.
- A \$300 billion market for environmental goods and services is growing eight percent each year, mainly in developing countries and the former Soviet Union. U.S. firms are reaping the benefits from this rapidly expanding sector.

Financing and Procurement:

- Each year, the State Department programs account for more than \$11 billion in government to government foreign military sales at a cost of approximately \$3 billion. This directly supports more than 500,000 jobs, and affects virtually all of the 50 states.
- Almost one-half of the State Department's budget, and 70 percent of USAID's are spent in the United States. We buy American.



UNITED STATES DEPARTMENT OF STATE

RESOURCES FOR AMERICAN VALUES

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— Madeleine K. Albright

A key objective of U.S. foreign policy is to promote values that reflect the interests, character, and ideals of the American people. We do this because it is right, but also because it is smart. Compared to dictatorships, democratic nations are more likely to be stable, better able to cope with financial stress, more reliable trading partners, and less likely to generate refugees or contribute to other global problems. Nations that respect the rights of their own citizens are also more likely to respect the rights of other countries. And because America has interests in every corner of the globe, we benefit when those interests are protected by legal systems that are independent and fair.

Right to Democracy:

- The United States believes, and the Universal Declaration on Human Rights affirms, that "the will of the people...expressed in periodic elections" should be the basis of government everywhere. We are working actively to promote the observation of this principle around the world.
- We do this through USAID programs that help nations to make the transition from Communism or another form of dictatorship to democracy. These programs stress accountable democratic institutions, a free press, ethnic and religious tolerance, and economic systems that reward merit and enterprise.
- We also do this through the United Nations, an organization which has played a major role in establishing and monitoring democratic elections in more than 50 countries over the past several decades.
- We also support democratic principles through our diplomacy by encouraging nations such as Indonesia, Haiti, and Nigeria to hold free and fair elections, and by helping struggling democracies to counter threats such as drug cartels, terrorists, and extremist violence.
- We withdraw non-humanitarian assistance to countries where democratic governments are overthrown by coups or other violent means.
- During the past twenty years, the number of countries with democratically-elected governments has almost doubled, from 58 to 115.

Human Rights:

- The United States strives to elevate levels of respect for fundamental human rights by:
 - stressing the importance of these rights both in our public statements and private diplomacy;
 - denying aid and opposing international loans to the worst abusers (such as Burma);
 - seeking international support for resolutions calling upon nations such as Cuba and China to improve their human rights records;
 - supporting international bodies such as the UN Human Rights Commission and the UN High Commissioner for Human Rights;
 - strongly backing efforts to hold accountable the perpetrators of crimes against humanity in Cambodia, Iraq, Rwanda, the Balkans, and East Timor; and
 - reporting annually on human rights practices in every country, including issues of religious freedom.
- In recent years, the United States has placed special emphasis on efforts to advance the economic status of women and girls, through the protection of civil and political rights. These efforts include initiatives to recognize the special needs of women refugees, and to end trafficking in human beings.
- The United States has also taken the lead in a global effort to ban the worst forms of child labor, and to establish core standards to prevent the exploitation of workers overseas, while giving American workers a more level playing field on which to compete.

Help to the Neediest:

- The United States promotes the values of the American people, while also serving our interests, when it helps those in greatest need around the world.
- The American people may be proud that we are the largest annual contributor to the UN High Commissioner for Refugees.
- We contribute about \$100 million annually to the UN Children's Fund (UNICEF).
- Our HIV/AIDS prevention programs are now in 32 countries, reaching more than 850,000 people and training another 40,000 to support programs in their own countries.
- As a result of U.S. leadership in helping those in greatest need over the past 30 years:
 - literacy in developing countries has risen by almost 50 percent;
 - infant mortality has been cut in half;

- life expectancy has risen by a decade;
 - the percentage of people living in absolute poverty has been cut almost in half; and
 - small pox has been eliminated from the world and polio will be the next.
- During the past year, we have come to the assistance of victims of killer hurricanes in the Caribbean and Central America, and earthquakes in Colombia, Turkey, and Taiwan.
- We are a major supporter of UN child immunization programs that save more than 3 million lives annually.

October 15, 1999



BACKGROUND ON INTERNATIONAL AFFAIRS RESOURCES

We are talking about one percent of the federal budget. But that one percent may determine 50 percent of the history that is written about our era. And it will affect the lives of 100 percent of the American people.

— Madeleine K. Albright

International diplomacy and programs constitute America's first line of defense against threats to the security and prosperity of our people.

Although our economy is strong and our military unmatched, there remain serious dangers to our interests. These include terrorists who have targeted Americans, possible conflicts in key regions, the risk of another financial crisis, drug trafficking, and the spread of nuclear, chemical, and biological weapons.

In most cases, we cannot defend against these threats by force alone or by acting alone. We need the help of others. And we must reserve the possibility of military action, while doing all we can diplomatically to make the use of force unnecessary.

In addition to the threats, there are the opportunities. Since 1993, the Administration has negotiated more than 270 market opening trade agreements that have pumped in excess of \$100 billion annually into our economy and contributed to an unprecedented period of sustained growth.

That is why traditional notions of "foreign aid" have become virtually obsolete.

When we provide resources to inspect nuclear facilities in North Korea, or help farmers in Peru to cut coca production by 40%, or train foreign police in counter-terrorism techniques, we are not just aiding others, we are helping America.

The same principle applies when we help former adversaries such as Russia deactivate almost 5,000 nuclear warheads, or assist people in troubled regions such as the Middle East, Northern Ireland, and the Balkans to achieve peace. Diplomacy can help ensure that nuclear weapons never again target our homes, and make it less likely that our sons and daughters will die in combat because disagreements have deteriorated into wars.

Americans also benefit from the bread and butter aspects of our diplomacy, such as negotiating civil aviation agreements in support of an industry that employs more than 600,000 of our citizens; legal assistance that has helped Americans recover more than \$2.5 billion in compensation for assets seized by Iran; visa offices that enable six million foreign nationals to visit the United States annually, while keeping known criminals out; and exchange programs that increase international understanding while contributing to the \$8 billion that foreign students spend in the United States every year.

We benefit, as well, from programs that address urgent humanitarian needs such as child survival, clearing land mines, caring for refugees, and slowing the spread of HIV/AIDS.

Taken together, our international programs help make our citizens safer, our economy stronger, our world more stable, and our freedoms more secure.

This is true, in part, because when America leads, others follow. When we contribute to recovery in Kosovo, or nuclear security on the Korean Peninsula, or earthquake relief in Turkey, our friends and allies are more likely to contribute, as well. This ensures an effective response, while spreading the financial burden. But when we refuse or are unable to help address an urgent problem, chances increase that the problem will not be solved. This, in turn, makes it more likely that a crisis will spin out of control and require far more costly and risky actions later on.

Moreover, as last year's bombings in Africa illustrated, the men and women who work in our embassies abroad are on the front lines every day on every continent — for us. They deserve, and have earned, the honor and support of the American people. And they deserve the protection that would be provided by full funding for the multi-year security construction program the Administration has proposed.

Unfortunately, in this decade, our diplomatic resources have not kept pace with our responsibilities.

Most Americans would be shocked to learn that our country ranks dead last among industrialized nations in the proportion of our wealth that we devote to supporting development overseas. At the same time, we rank first in the amount of money we owe to the United Nations and other international organizations.

Over the last decade, our diplomatic workload has increased sharply, while our personnel levels have gone down and our funding — in real terms — has declined.

Now, after years of small cuts, we face the possibility of a reduction of \$3.2 billion — more than 14 percent — from the President's FY 2000 budget request. With reduced funds, we would have no choice but to cut back on our efforts to prevent the wars of tomorrow, counter terror, fight crime and preserve a healthy global economy. This is unacceptable, for at a turbulent time in a troubled world, we would be unilaterally disarming ourselves.

America cannot lead without resources. But we do not need enormous amounts of resources to lead. Today, the full range of international programs costs only about one penny out of every dollar the Federal government spends. Clearly, the investments we recommend are affordable. The President's budget would finance foreign policy without detracting from our defense and domestic needs, while still yielding a surplus.

American diplomacy helps make America safer and stronger and our world better. It belongs on the short list of our budget priorities. And it deserves the strong support of the American people.

Al Bern Co

I probably should
write the Shepherd's
mom that they're
don't be

THE PRESIDENT HAS SEEN

11-8-99

Los Angeles Times

ON THE INTERNET: WWW.LATIMES.COM
CIRCULATION: 1,095,007 DAILY / 1,385,373 SUNDAY

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COLUMN ONE

1 copied
1 Conell
1 Podesta

GRIZZLIES

■ Baiting bears and elk into leaving Yellowstone so they can be taken by hunters has become common. Ranger 'Action Jackson,' who is trying to stop the practice, is both revered and reviled.

By FRANK CLIFFORD
TIMES ENVIRONMENTAL WRITER

YELLOWSTONE NATIONAL PARK—For 20 seasons, the simple life was its own reward for Bob Jackson, the only resident law enforcement officer in the most remote wilderness outpost of the lower 48 states—this park's Thorofare district.

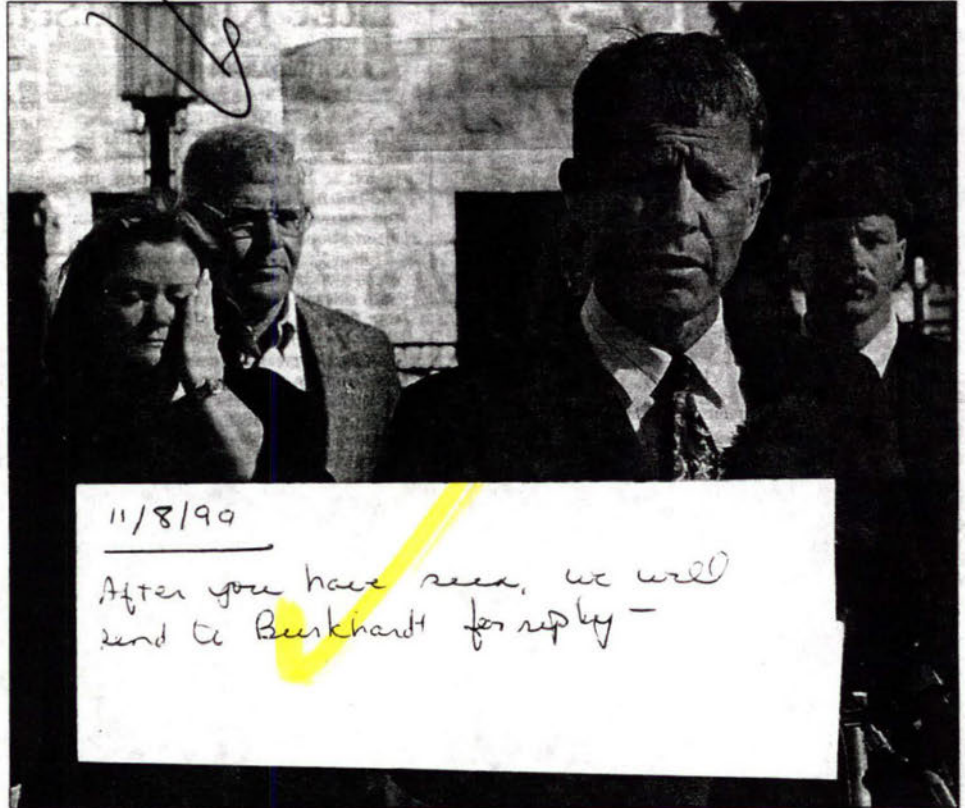
The woodwind echoes of whistling elk, the lacy imprint of grizzly bear tracks in autumn snow, the grandeur and solitude made up for the rest—the two-room cabin, the frigid outhouse, the \$10,000 salary, the lack of pension and medical benefits, the wilderness scofflaws who poisoned his horses and periodically try to get him fired.

It is all part of a mystique he revels in as one of the last lawmen still chasing down outlaws on horseback. "Action Jackson" is perhaps Yellowstone's most revered and reviled back country park ranger, poacher hunter and champion of the grizzly bear.

These days, new threats to the wilds he patrols every summer and fall along the southern boundary of the park have left Jackson with a sense of unaccustomed helplessness.

The Thorofare region is under siege, he warns, by unscrupulous hunters and commercial outfitters operating just outside the park's sanctuary in the adjoining Teton Wilderness, where he has no authority.

Standing at the park boundary near his cabin, he points to dozens of illegal, artificial salt licks and to signs of reckless hunting practices. He says grizzly bears, which are on the endangered species list, and elk are being lured out of the park to their deaths, and the safety of backpackers and horseback riders is also in jeopardy.



Judy Shepard, left, listens as her husband, Dennis, talks to media outside courthouse where Aaron McKinney, the killer of their son, Matthew Shepard, agreed to a plea bargain giving him life in prison.

Gay Student's Killer Is Spared Death

■ Courts: Deal brokered by victim's parents means life in prison for man who fatally beat Matthew Shepard.

By JULIE CART
TIMES STAFF WRITER

DENVER—The parents of slain college student Matthew Shepard interceded to save the life of his killer, brokering an eleventh-hour deal that will send Aaron McKinney to jail for life while sparing him the death penalty.

As the sentencing phase of the murder trial in Laramie, Wyo., was about to begin Thursday morning, Judge Barton Voigt announced the deal: McKinney, 22, is to serve two consecutive life sentences, has no chance for parole and no opportunity to appeal.

Dennis Shepard read a lengthy, emotional statement in court Thursday, calling his 21-year-old gay son his hero and citing his special gift for helping people. As he spoke haltingly, pausing to

wipe tears, many in the courtroom openly wept, including members of the jury.

Addressing McKinney, Shepard said: "I would like nothing better than to see you die, Mr. McKinney. However, this is the time to begin the healing process. To show mercy to someone who refused to show any mercy. Mr. McKinney, I am going to grant you life, as hard as it is for me to do so, because of Matthew."

A jury had earlier convicted the former roofer of felony murder, aggravated robbery and kidnapping in the October 1998 beating death of Shepard, a University of Wyoming student. McKinney and an accomplice, Russell Henderson, lured Shepard from a local bar, robbed him, beat him with the butt of a pistol and left him tied to a range fence on a wind-

swept prairie. Shepard was not discovered for 18 hours, and he died days later in a Colorado hospital, having never regained consciousness.

In an almost identical plea bargain, Henderson pleaded guilty to murder and kidnapping and was sentenced in April to two life terms.

With his jailhouse pallor and a military-style haircut, McKinney remained impassive through much of the trial. He did not testify in the weeklong trial. On Thursday, he spoke for the first time, facing Dennis and Judy Shepard, Matthew's mother.

"I don't know what to say other than I am sorry to the entire Shepard family. There won't be a day that goes by that I won't be ashamed for what I did," McKinney told the court.

The brutal murder of the wholesome-looking Shepard struck a chord across America. It

Please see SHEPARD, A8

SHEPARD: Gay Student's Killer Gets Life in Prison

Continued from A1

spurred calls for the enactment of hate crime legislation, calls that Dennis Shepard repeated on Thursday.

At the Shepards' request, defense attorneys did not speak with reporters, but prosecuting attorney Cal Rerucha did, blasting the defense's short-lived "gay panic" strategy. The defense tactic, which the judge disallowed, argued that an alleged sexual advance by Shepard triggered memories of McKinney's childhood sexual abuse and caused him to fly into an uncontrolled rage, fueled by drugs and alcohol.

"The defense is atrocious," Rerucha said outside the courthouse. "It should not be used in any court in these United States. It gives people an excuse to harm another person."

The acrimony over the defense strategy, which appeared to blame Shepard for his own murder, caused a rift between the opposing attorneys in the case.

When the defense sought to negotiate a plea bargain Wednesday afternoon, it was the Shepards who worked out the details with defense attorneys.

Rerucha had reservations about the deal, but finally it was Matthew's mother who prevailed upon him to agree to spare McKinney's life.

"I will never get over Judy Shepard's capacity to forgive," Rerucha said.

The trial had been watched closely around the country. The White House issued a statement from President Clinton that praised the outcome.

"This verdict is a dramatic statement that we are determined to have a tolerant law-abiding nation that celebrates our differences rather than deepening them," he said. "We cannot surrender to those on the fringe of our society who lash out at those who are different."

For gay rights groups, the outcome affirmed the ability of

homosexuals to achieve justice.

"Gay and lesbian Americans can now have renewed faith in our justice system," said David M. Smith of the Human Rights Campaign, a gay rights lobbying group. "We can only hope a strong message was sent, that in America hate crimes will not be tolerated and there are severe consequences for violent, hateful actions."

Another gay rights group, which strongly opposes the death penalty, was relieved.

"It was a very bittersweet victory over a possible violent end in execution," said William K. Dobbs of the New York Queerwatch. "This was a brutal, ugly murder, but in this case the death penalty loomed as a lever to extract this sentence."

Many legal experts said that McKinney's negotiated sentence was identical to what the jury would have decided. The decision Wednesday to convict McKinney of second-degree murder—reject-

ing the prosecution's assertion of premeditation—signaled the jurors' reluctance to invoke the death penalty, experts said.

For the citizens of Wyoming, who have often felt that their state's Western philosophies were on trial, the end of the yearlong ordeal was welcome.

"This is not a redneck state," said Gerry Gallivan, a former law professor at the University of Wyoming.

Dennis Shepard, who is a Wyoming native, thanked the jury and said their work made a statement about courage and tolerance.

"That statement is that Wyoming is the equality state, that Wyoming will not tolerate discrimination based on sexual orientation, that violence is not the solution. Ladies and gentlemen, you have the respect and admiration of Matthew's family and friends and of countless strangers around the world. Be proud of what you accomplished. You may have prevented another family from losing a son or a daughter."

a Random Act, Police Say

From Associated Press

SEATTLE—Residents left their porch lights on and walked their children to school Thursday in the middle-class neighborhood where a gunman clad in military camouflage clothing killed two boat shop employees and wounded two others before vanishing.

Police called Wednesday's shooting a "deliberate, calculated act" and tried to reassure residents of the Wallingford district that they are safe, even with the killer at large. Police said they did not know his identity and had not found the handgun used in the attack.

"We are confident this was not a random act," Police Chief Norm Stamper said. "I think that those who live and work in that area can be assured that they are not at risk. This is not an individual who is going to repeat the act."

He would not say why police think the attack was not random.

Police were searching around Northlake Shipyard for the man in his 30s who entered the building, strode into a back office with

gun drawn and opened fire without a word.

Peter Giles, 27, and Russell James Brisendine, 43, were killed. The two wounded workers, whose identities were not disclosed, were in serious condition.

The gunman was described as having curly brown hair and a mustache, a baseball cap, sunglasses and a dark overcoat over camouflage clothing.

Police used searchlights through the night as they checked yards, basements and garden sheds. The profusion of porch lights made the neighborhood "so bright you could barely sleep," said Paula Nemzek.

Nemzek was waiting Thursday with her daughter, Cezanne Camacho, for a school bus half a mile from the shipyard.

Although she usually walks her daughter to the bus stop, she noticed that "a lot of other moms are saying they feel a little worried about letting their kids walk to the bus stop by themselves today."

Stamper said detectives are sorting through hundreds of tips and "clearly have a better picture" a day after the attack.

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Podesta

What's the real deal here?

File

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Bill to Combat Drug Traffic Caught in Lobbying Battle

By TIM WEINER
with TIM GOLDEN

WASHINGTON, Nov. 3 — Efforts by the Republican chairman of the Senate intelligence committee to soften a bill that would expand economic sanctions against drug traffickers and the businesses that work with them have touched off a furious dispute on Capitol Hill.

Such sanctions were imposed by presidential order in 1995 against four groups who were said to be the biggest cocaine traffickers in Colombia. The new legislation would extend sanctions to traffickers worldwide.

Aides to the committee chairman, Senator Richard C. Shelby of Alabama, say he is merely trying to fix flawed legislation that might allow overzealous government officials to seize the assets of legitimate companies tied to drug trafficking by scant evidence.

But some of Mr. Shelby's fellow Republicans have taken unusually vehement exception to his stance, suggesting that opponents of the law

have been influenced by Washington lobbyists working for companies that might be affected by the legislation.

"We have discovered in this Congress that we are not insulated by the efforts of the kingpins to buy influence and corrupt our political institutions," Representative Bill McCollum of Florida, a Republican member of the House intelligence committee, said on the floor shortly before the legislation passed overwhelmingly Tuesday night. "Their narco-lobbyists were paid well to try to shape and gut this bill."

Mr. McCollum did not mention Mr. Shelby or name any of the lobbyists.

Despite the strong support in the House, the bill has run into trouble in the Senate, where Senator Shelby and a few of his colleagues, including the Democratic vice chairman of the intelligence panel, Bob Kerrey of Nebraska, have raised objections.

Aides to Senator Shelby said he would like to see the bill amended so potential targets of the law would have strong protection. Assets should not be seized, for example, without a legal finding that the companies were deliberately involved in the drug trade. Mr. Shelby also wants provisions that could protect the assets of owners or subsidiaries of drug-trafficking concerns that are not themselves connected to the drug trade.

Opposition to the bill has been directed by some of Washington's most powerful law firms, according to Congressional aides who have been the subject of their lobbying.

The most prominent firm, Verner, Lipfert, Bernhard, McPherson & Hand — which employs Bob Dole, the former Senate majority leader and Republican presidential candidate — has been hired by Transportación Marítima Mexicana, the biggest transit company in Mexico. The company has fought vigorously to clear its name after news accounts quoted United States intelligence reports tying it to the drug trade.

John Merrigan, a partner at Verner, Lipfert, said his client had been put in the impossible position of having to refute untrue reports based on anonymous sources.

"We have been proposing in every forum, at every stage, that this legislation provide for the full prosecution of drug traffickers and their associates," Mr. Merrigan said.

"On the other hand, we have serious concerns that the bill may not even provide minimal due process, judicial review or other reasonable protections for innocent companies," he said.

He acknowledged that his firm had paid particular attention to Mr. Shelby and other members of the Senate intelligence committee.

Senator Shelby declined to answer questions about the legislation, his role in it or the dismissal of a staff member who said he had lost his job because he opposed the senator's efforts to reshape or block the bill.

Mr. Shelby referred questions to his press secretary, Andrea Andrews, who said it was "completely untrue" that his objections were based in anything but the desire to improve a faulty bill. As for the dismissed committee staff member, J. K. Stinebower, she said, "The primary reasons for his dismissal had nothing to do with this legislation."

Mr. Stinebower played an important role in drafting the bill and pushing it forward. He said he was dismissed for continuing to try to produce a tough bill after Senator Shelby changed his views.

"I was fired for my work in initiating and drafting the bill," Mr. Stinebower said. "The phrase they used was my 'failure to follow the priorities and directives of the chairman.'"

He said he was also accused of abusing his annual leave.

Senator Paul Coverdell, Republican of Georgia, a principal sponsor of the legislation, said it was "being

bottled up" by concerns voiced by Senator Shelby and Senator Pat Roberts, a Kansas Republican who also sits on the Senate intelligence committee.

No public hearings have been held on the legislation, which was passed as a separate bill in the House and is attached to a Senate bill authorizing intelligence activities.

Senator Kerrey, the ranking Democrat on the intelligence committee, said public hearings should be held to determine the bill's potential impact on trade. Mexican business have expressed concern that companies unknowingly associated with others connected to drug-running might be damaged by the law.

Mr. Kerrey disputed the notion that lobbyists — "K Street," in Washington shorthand — were steering the bill. "The idea that K Street is rolling us is false," he said.

The legislation looked like it was sailing through the Senate until late in September. Then, according to Republican and Democratic members of Congress, a new draft version appeared from Senator Shelby's office.

"It suddenly appeared about a month ago," Senator Coverdell said. "I know that Verner, Lipfert has been involved, promoting language that we feel nullifies the legislation — that makes it not work."

Documents circulated in Congress by the firm and provided by Congressional aides advocate changes similar to those proposed by Mr. Shelby.

The key element, Senator Coverdell and other members of Congress said, was language in the bill that said a target of the law would have to be a "knowing, willful and intentional" drug trafficker and that the target could go to court to keep the government from invoking the law.

These changes, according to Treasury Department officials and supporters of the bill, would make it unworkable. And a staff member of Congress involved in the process called the influence of the lobbyists and their clients on the bill "one of the smelliest things I've ever seen, if not the smelliest."

The issues in question may be subtler than the accusations of influence, however. They include free trade, intelligence, the American counternarcotics effort and the interplay of law and lobbying. The way they play out will be determined by negotiations between the Senate and the House in coming days.

Seeking due process? Or kowtowing to special interests?

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U.S. Cites Criminals' Raids On Medicare and Medicaid

By ROBERT PEAR

WASHINGTON, Nov. 3 — Organized criminal groups have infiltrated Medicare and Medicaid, and are skimming hundreds of millions of dollars a year from the programs, federal investigators said today.

In a report to Congress, the General Accounting Office said the criminal groups had formed or corrupted scores of "medical entities" — clinics, physician groups, diagnostic laboratories and medical equipment suppliers — for the purpose of bilking Medicare and Medicaid, the insurance programs for people who are elderly, disabled or poor.

The companies, many of which "existed only on paper," billed the government for services and equipment not provided or not medically necessary, the report said. In some cases, beneficiaries died before the dates on which the services were supposedly provided.

The investigators looked at what they said were 160 sham companies in Florida, North Carolina and Illinois, and took a broad look at New Jersey as well. They suspect the problem is nationwide.

"Criminals previously involved in other types of crime are now migrating into the health care fraud arena," the General Accounting Office, Congress's investigative and auditing agency, said in a report to Senator Susan Collins, the Maine Republican who requested the study as chairwoman of the Permanent Subcommittee on Investigations.

In one type of scheme described by the accounting office, criminals paid people to recruit Medicare beneficiaries, who were sent to clinics and offices for unnecessary medical tests or services. The recruiters received a fee — \$100 to \$135 — for each patient they found, and shared the fees with cooperating beneficiaries. Medicare was billed for services and equipment never provided.

"Licensed physicians sometimes participated in such schemes, typically exchanging their signatures on medical records for cash, without actually performing or overseeing any medical services," the report said.

In another type of scheme, the accounting office said, members of criminal groups "rented private mailboxes, set up bogus corporations and opened phony corporate bank accounts." Payments from Medicare, Medicaid and private insurance companies were sent to the mailboxes, deposited in bank ac-

counts and quickly converted to cash or moved to other accounts beyond the reach of law-enforcement authorities.

In an interview today, John Kravniak, deputy attorney general of New Jersey, said: "The face of Medicaid fraud has changed dramatically. Ten years ago we were generally faced with an individual doctor or pharmacist billing for services not rendered. In the last couple of years, we've seen an influx of organized criminal groups who exist solely to defraud Medicaid and Medicare, frequently jumping from program to program."

A Monmouth County man was recently sentenced to 10 years in prison after pleading guilty in a scheme to bilk New Jersey's Medicaid program of more than \$5 million. The defendant, Mohammad A. Javid, managed a medical laboratory that paid kickbacks to the owners of clinics in Paterson, Newark and Jersey City. The clinics hired "blood brokers" to recruit people willing to give blood samples. The labs performed expensive tests on each specimen, and

New Jersey. In other cases, it said, New Jersey shut down several clinics but later found that "the New York Medicaid fraud control unit was investigating the same individuals for different schemes."

In an interview, Senator Collins said the findings of the study were "very troubling." She said she and Senator Richard J. Durbin, Democrat of Illinois, were drafting legislation that would require federal officials to conduct criminal background checks on health care providers before allowing them to participate in Medicare. The bill, she said, would also toughen penalties for people who buy or sell the names and identification numbers of doctors or patients with an intent to defraud the government.

The General Accounting Office said criminals often used the names of unsuspecting patients and doctors on the claims they filed with Medicare and Medicaid. The information on beneficiaries is "sometimes stolen from hospitals, taken from trash bins or obtained by computer hackers," while the names and identification numbers of doctors are obtained from "unscrupulous hospital employees," the report said.

Groups engaged in Medicare or Medicaid fraud often launder money through foreign countries, the accounting office said. For example, it said, the leader of a North Carolina group filed fraudulent claims with Medicare and sent the reimbursement checks, by Federal Express, to friends and relatives in Mexico, where they were cashed or converted to traveler's checks. Some of the money was spent on jewelry, which was shipped to the United States and sold by the group leader from his home.

In another Medicare case described by the General Accounting Office, the leader of a criminal group in Florida instructed his wife to send \$4.5 million overseas, and "the money was then transferred back into the United States through an alleged mortgage fraud scam."

The cost of infiltration: hundreds of millions a year.

Medicaid reimbursed the labs.

In return for their blood samples, Mr. Kravniak said, those recruited, many of them drug addicts, received prescriptions from doctors who worked at the clinics. Medicaid paid for the drugs, which the patients then sold on the street or to pharmacies.

The General Accounting Office had no estimate of total losses to the government. But the magnitude of the problem is suggested by the fact that a criminal group in one Florida case filed fraudulent Medicare claims worth more than \$120 million and fraudulent Medicaid claims of \$1.5 million.

The accounting office said these "organized criminal groups tend to be quite transient," and should not be confused with traditional organized crime groups like the Mafia.

In one case, it said, suspects fled from New Jersey to California and started new operations on the West Coast before they could be arrested for violations that had occurred in

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Jim Hoagland

Kosovo In Limbo

PARIS—Five months after being liberated from Serb misrule by NATO bombs, Kosovo lives in premeditated political and economic limbo.

The United Nations Security Council is avoiding decisions on Kosovo beyond immediate human needs for the approaching harsh Balkan winter. Kosovo's future will gradually emerge from developments on the ground in months and years to come rather than from a blueprint drawn up now by statesmen sitting around a conference table.

This word picture is painted by the U.N. officials—including Secretary General Kofi Annan—who have taken on Kosovo as an international protectorate. Annan makes no apologies for requiring the ethnic Albanian majority of Kosovo to formally remain part of Slobodan Milosevic's Yugoslavia while living in virtual independence. The Security Council resolution that governs Kosovo establishes that fundamental contradiction, Annan acknowledges.

But it is not only the Kosovars who are left hanging by the unpublicized U.N. policy of kicking decisions on long-term economic development, property ownership and territory-wide political institutions for Kosovo as far down the road as possible.

NATO peacekeeping forces in Kosovo will have great difficulty in extricating themselves from a Kosovo that exists in a legal no-man's land still vulnerable to Serb reconquest. Britain's Prime Minister Tony Blair and other alliance leaders invested too much prestige in helping Kosovo survive last spring to let it collapse or be victimized again.

The Kosovo Liberation Army also chafes under the U.N. refusal to move toward resolution, which for the KLA is immediate independence. The peacekeepers, the guerrillas, Milosevic and his restive subjects in Montenegro all have reasons to upset Annan's appellation of ambiguity sooner rather than later.

The journalistic mind also recoils from gray indecision, valuing clarity and facts above all. I began reporting on the limbo strategy convinced that there must be a better, more decisive course to follow—perhaps a big-power Balkans conference to redraw boundaries and settle things once and for all.

But after two long conversations with Annan and two days of participating in an Aspen Strategy Group discussion of the Balkans here, I am less persuaded of that. Waiting for Kosovo may be the best of the bad options available—if the limbo period is well managed.

Annan is aware of the dangers delay entails. "If we are not careful we could come to be seen as an occupation force by the people there," he told me. "That cannot be allowed to happen."

To avoid it two conditions must be met, says Veton Surroi, the independent-minded publisher who speaks for Kosovo's small, moderate intellectual community.

The Kosovars must see that the U.N. is doing nothing to block their path to eventual independence. And the interim administration has to work effectively to improve daily life in the territory. It must meet the police and civil service payrolls it manages, reopen power plants and get on with reconstruction and preparations for winter.

If these tasks are accomplished, a long-term international presence will be sustainable in Kosovo, Surroi believes. But he rejected the comfortable idea that time needs to be bought so democratic forces can overthrow Milosevic and make the Yugoslav republic a political entity Kosovars will rejoin willingly.

"It won't happen," Surroi said, "not even if Vaclav Havel were the president of Serbia." His citing of the high-minded Czech president contained irony and a clear message: The best outcome Serbia can hope for is a peaceful separation of Kosovo through referendum, as Havel permitted Slovakia.

The flaw here is that the U.N. administrators in Kosovo at present lack the budgetary and political support from the Security Council to keep a policy of uncertainty sustainable for very long. Bernard Kouchner, Annan's special representative on Kosovo, will deliver that message, in more specific terms, when he briefs the Council on Friday in New York.

"If we do not get the money to pay the teachers the \$150-a-month stipend we promised, or the doctors \$250 a month, then we will be encouraging a parallel government to take over the network we have started," Kouchner told me here Tuesday. His efforts to establish a functioning local administration to include the territory's major political groups seem to have been frustrated by excessive caution at U.N. headquarters as much as by conditions on the ground.

Annan will soon announce a date for local elections in 2000, probably at mid-year. But he is vague about timing for what he terms "territory-wide, rather than national, elections." Those would bring Kosovo uncomfortably close to what seems to me to be inevitable independence.

Creative ambiguity can be one of diplomacy's most effective tools. But it can quickly turn into destructive ambiguity if it just puts off the hard decisions. The United Nations must show that limbo leads where the Kosovars want to go and is not intended to be an endless tunnel to sidetrack them.

In This Case, I Can't Be Diplomatic

*I Lost a Child to Terrorism;
Now I'm Losing U.S. Support*

By STEPHEN M. FLATOW

Late in the evening of April 10, 1995, the day we lost our daughter Alisa to a suicide bomb, I received a long-distance telephone call from another father. He expressed his condolences and wondered aloud if he would show the same strength that I was displaying if his own daughter had been killed.

Before we hung up, Bill Clinton also told me he would help us obtain justice.

That is not how it has turned out.

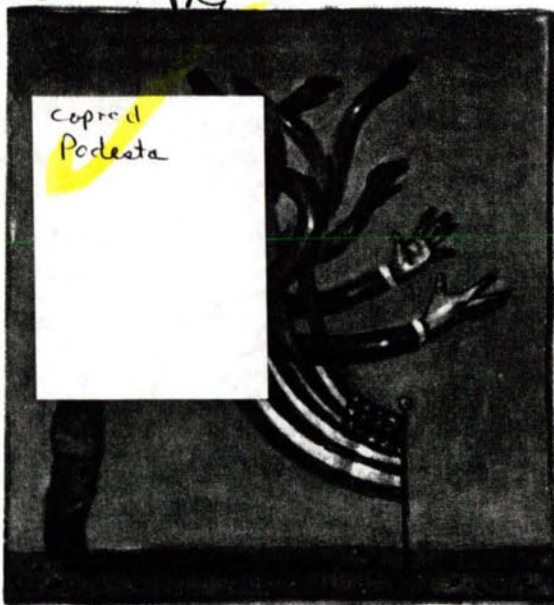
Alisa, a 20-year-old student at Brandeis University on a trip to Israel, was traveling in Gaza when her bus was rammed by a van packed full of explosives. The driver was identified as a member of Islamic Jihad, a militant Palestinian organization funded largely by the government of Iran.

Alisa was the only American among the eight dead. President Clinton's apparently heartfelt sympathy—repeated when we met privately in March 1996—was only one of many expressions of support my family and I received from U.S. officials in the aftermath of that horrible crime. And soon, we were given hope for more concrete assistance.

Under a law passed a year after Alisa died, American citizens were given for the first time the right to use U.S. civil courts to sue foreign governments that sponsor terrorist attacks. At the signing ceremony, Clinton spoke movingly of our country's commitment to use all tools at its disposal to fight terrorism. This law would be my tool, I thought. I would use the institutions of a just society to seek justice.

But when I tried to use the law, I found the U.S. government wasn't really in my corner. In my attempts to demand that the sponsors of terrorism pay for their actions, I have received help only as long as my interests don't conflict with the administration's goals.

Stephen Flatow is a lawyer in West Orange, N.J.



BY JOSEPH DANIEL FIEDLER FOR THE WASHINGTON POST

I did not take lightly the significance of suing a foreign country. In fact, I do not think I would have filed suit at all but for the very clear signals I had received that the Clinton administration would be on our side.

There were some cautionary notes. Early on, sympathetic State Department officials had been helpful in providing me with information about Alisa's killers. But when I asked them for assistance in beginning my lawsuit, their roundabout answer indicated that career diplomats might not be enthusiastic about our plans.

Nevertheless, Clinton still seemed encouraging at our next meeting—a few minutes alone during a New York fund-raiser in June 1996. I handed him a letter requesting government assistance in my lawsuit. As he put it in his jacket pocket, the president told me that he was behind me and my family.

In February 1997, I went to court. Acting as administrator of Alisa's estate, I filed suit in U.S. District Court in Washington against the Islamic Republic of Iran, its president, its supreme spiritual leader and its minister of information. Because we had to pick a figure, we sought \$100 million in damages. We served papers on the defendants via the Swiss Embassy in Tehran; the State Department actively assisted in getting the documents to the Swiss and ensuring that they were properly served.

Though the Iranian government never responded to our filing, we still had to make our case at trial. We presented 22 witnesses over two days in March 1998. And two weeks later, U.S. District Judge Royce Lamberth found in our favor and awarded \$247.5 million in damages. Should we ever receive that money, my family has earmarked it for three causes: sending students to Israel; studying post-traumatic stress syndrome; and offering rewards for the capture of perpetrators of terrorism.

To say that I was heartened by events so far would be an understatement. Here I was, an average taxpayer, receiving what seemed to be the full support of the mighty United States of America in my quest to find justice for the death of my daughter and some meaning in its aftermath. All that remained was making the Iranians pay, which we expected to do using standard procedure: locate their assets in the United States, get a U.S. marshal to serve a writ, and obtain an order to have the assets sold.

That very afternoon, however, we were stunned by criticism from an unexpected quarter: Asked about our court victory, State Department

spokesman James Rubin was quoted as telling reporters that the United States did not believe in judgments against foreign countries, but in negotiations with them.

Somehow, my use of a federal law, passed overwhelmingly by both houses of Congress and signed by the president, was being characterized as a violation of the foreign policy of the United States.

At first, I did not appreciate how serious the opposition was going to be. But things got worse. Because we could not attach those assets protected by diplomatic immunity, we went in search of commercial assets in the United States owned by the government of Iran. But when we asked the Treasury Department for help, the office of the secretary refused. It would be "too burdensome" to help us locate assets, I was told in June 1998.

We met with national security adviser Samuel Berger. It was disheartening, to say the least. He professed to know nothing about the lawsuit, and therefore used the time merely to express sympathy.

That September we had another setback. A victims' rights law had just been passed, which we believed would give us the ability to seize a wider range of Iranian government assets. But the law also gave the president the right to waive its provisions in the name of national security. And President Clinton—the man who called me the night my daughter died, who said he was behind

us in our quest for justice—exercised that option.

Even as he denied us the right to seize Iranian properties, however, he promised—in an accompanying press release—that his administration would help "the Flatow family" locate "commercial Iranian assets" in the United States.

When cooperation was still not forthcoming, I wrangled another short meeting with the president this past February. I told him we needed answers to questions that we had put to the State Department about whether three banks were owned by the Iranian government. I must have gotten through because a few weeks later I got my answer—yes.

But such help had critical limits. For example, the government identified property owned by a foundation in Maryland that, it said, was controlled by Iran. When I went to Maryland to investigate, the head of the foundation denied any Iranian connection. So I appealed to the State Department to write an affidavit, something I could use in court. It declined. I am stymied.

Relations with the administration have reached a low. We've become the odd man out in what I thought would be a partnership. More than a year after obtaining the judgment, I'm still being opposed in my efforts to make the Iranians pay the price prescribed by U.S. law.

About 10 days ago, there was a hearing on our case before the Senate Judiciary Committee. To my ears, the administration officials who testified seemed only interested in delaying our efforts.

Am I frustrated? Yes. I think back over the time spent on trains from New Jersey to Washington, catching naps at Reagan National, walking the halls of the House and Senate office buildings to garner support for my part in our country's fight against terrorists and their sponsors.

I understand that the political realities have changed, that there is a new regime in Iran, one that has the potential to join the community of civilized nations. I understand that the State Department might not want to derail any diplomatic initiatives in that direction. And I would understand if department officials had simply said, "Bear with us during this difficult time and someday we will help you."

Instead, they continue to say that carrying out my judgment would endanger the security of the United States. If that's true, I'm the bad guy.

Is my cause worth the struggle? Of course it is. The only way we are going to defeat terrorists is by committed pursuit. To do anything less will allow these killers to get away with murder.

President Clinton once told me I was brave and courageous. I asked him if there was anything he wouldn't do for his daughter. He said no. "Just because Alisa is not here with us does not mean that we stop doing things for our children," I told him. And that is true—even if it means we have to challenge our own government to rise above that which is politically expedient.

Historic? Sure. But the GOP Win Is Much More

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Quietly, House Gives Sallie Mae a \$692 Million Break

By JULIET EILPERIN
Washington Post Staff Writer

With no debate, a popular bill aimed at helping disabled people return to the workplace was quietly amended on the House floor last week to include a potential multi-million-dollar break for Sallie Mae, the Washington area company that is the biggest provider of student loans in the country.

The language for Sallie Mae would rewrite the way federally backed student loan rates are calculated, with a new formula the Clinton administration calculates could mean an extra \$1.7 billion in profits for lenders over the life of new loans, including \$692 million for Sallie Mae alone.

Sallie Mae's congressional allies added the provision to the disabilities bill because it was the best vehicle for quickly winning approval of a measure they say would help lenders cope with fluctuations in market interest rates. The disabilities bill is wildly popular on both sides of the aisle and was easily approved by both the House and Senate.

"The final shape of the bill will be worked out in a House-Senate conference committee in the coming days, and Clinton administration officials vowed they would work hard to delete the provision. They said lenders are already doing well under the student loan program, and said it was unfair to give them potentially higher returns.

"Now they're asking for more," said Marshall Smith, acting deputy secretary of education. "If there is more to be had in terms of profitability, those savings should somehow go to the students."

But officials for Sallie Mae—which has retained three former members of Congress as lobbyists and spent \$1.1 million on lobbying during the first six months of this year alone—said the company was simply seeking a "long overdue" correction to a student loan reform package last year that reduced lenders' profits by 30 percent. They questioned the Education Department's contention that the company would reap new profits and noted congressional analysts' calculations that the change would even save the government \$20 million over the next five years.

"This allows us to stabilize our financing for the future," said Sallie Mae executive vice president Larry O'Toole, who noted the administration based its calculations on the worst-case scenario of current market conditions. "I've never seen us receiving profits as a result of this."

At issue is the complicated financing arrangement for the hundreds of millions of dollars loaned to students by companies such as Sallie Mae. Under the current system, these lenders are able to make favorable loans to students because of subsidies from the federal government.

Essentially, Sallie Mae wants the government to rewrite the way these subsidies are calculated, reducing the risk the company faces from fluctuating interest rates. Right now, those subsidies are based on Treasury bill rates, while

the company must borrow at more volatile commercial lending rates. That means that when the difference between the two rates is especially wide, Sallie Mae must bear the cost.

Under the proposed system, the federal subsidy would be based on commercial rates, meaning the government would bear any additional costs from climbing commercial rates while profiting from a decline in rates. While the Office of Management and Budget and the

Congressional Budget Office have estimated the government would not lose any money from the switch, officials at the Treasury and Education departments say a spike upward in commercial interest rates would cost taxpayers dearly.

"It's a special-interest giveaway that shifts potential risk to the taxpayers," said Sanjeev Bery, higher education associate for the U.S. Public Interest Research Group. "Sallie Mae has a major presence

on Capitol Hill in terms of campaign contributions and lobbying expenses, and now Sallie Mae is trying to cash in."

O'Toole called the administration's \$692 million profit estimate "an outrageous number," adding the company is willing to sacrifice some profits in exchange for less volatility and Congress could always readjust the subsidy system when it reevaluates the student loan program in 2002.

O'Toole played down his company's lobbying campaign, saying nearly \$350,000 of this year's \$1.1 million expenditure went to fund student seminars and a program aimed at reducing loan default rates for students at historically black colleges.

Without question Sallie Mae has directed considerable resources toward Congress over the past year: its lobbying expenses for the second half of last year outranked those of RJR Nabisco, Procter & Gamble, and the AFL-CIO, accord-

ing to U.S. PIRG, and it hired former representatives Tom Downey (D-N.Y.), Vin Weber (R-Minn.) and Pat Williams (D-Mont.) as lobbyists.

Rep. Howard P. "Buck" McKeon (R-Calif.), who chairs the student loan panel and backs the change, said the switch could help students by attracting more lenders to the student loan program. He noted that Congress reduced lenders' profits a few years ago and "this is giving a little bit back."

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Foreign Affairs

THOMAS L. FRIEDMAN

The War Over Peace

If you want to make sense of the current foreign policy debate in America, think of it like this: The key to the 20th century is not the three world wars (I, II and the cold war) that punctuated it, but rather how we designed the peace that followed these wars. The peace of Versailles was mishandled. The peace after World War II was well managed. Remarkably, what Republicans and Democrats are still debating today is how, and how much, America should shape the post-cold-war peace.

In 1919 and 1945, notes Fareed Zakaria, managing editor of *Foreign Affairs*, "America wanted to change the world, and the world was reluctant. But in 1999, the world is eager to change — along the lines being defined by America — but now America is reluctant."

Indeed, if you look at the world that has developed since the end of the cold war, "it is based in many ways on our ideas, our values and our products — yet we are ambivalent about recognizing this world as our child, so we behave at times like deadbeat dads," argues the political scientist Robert Pastor, whose new volume, "A Century's Journey: How the Great Powers Shape the World," is an extremely thoughtful examination of great-power politics.

This U.S. ambivalence derives from the fact that while America's victory in the cold war was decisive — it eliminated any ideological alternative to free-market capitalism and any superpower alternative to U.S. power — it was not complete. America did not occupy the countries it defeated in the cold war, à la Germany and Japan. Therefore our ability to reshape Russia or China is limited, and their ability to obstruct us — either by their weakness or their strength — still exists.

In this context, you can see three schools forming in the U.S. debate. First are the "Nutty and Energetic Republicans." This is an unholy alliance of old cold warriors, extreme isolationists and unilateralists, and outright fools. What binds them is a belief that America today is overwhelmingly powerful, therefore it can preserve a post-cold-war peace either by ignoring the world or acting unilaterally upon it. Because they are so focused inward, these people spurn the U.N., even though it is ready to do our bidding and share our burdens.

The second school is the "Serious

but Timid Republicans," who actually offer an intelligent critique of the Clinton approach to post-cold-war peace but are often outshouted by the G.O.P. nuts. They agree the U.S. should spread free markets, engage China and confront tyrants like Saddam Hussein and Slobodan Milosevic. But this group's critique of the Clinton team is that it has relied too heavily on multilateral approaches and treaties rather than on hard-headed U.S. power, and that it has focused far too much on smaller problems — Haiti, Ireland and the Balkans — and mismanaged the big ones — Russia, China and arms control.

The third school is the "Serious but Lazy Democrats." These are the Clintonites. They have the right instinct — that the post-cold-war peace should be focused on sustainable globalization. They understand that today's system of globalization greatly benefits the U.S., because it is our ideas, products and people that are being most globalized. Therefore, the way

Nuts, wimps and couch potatoes.

to build a post-cold-war peace is by using U.S. power to keep this system stable, by using U.S. leverage to widen the circle of democracies, and by using U.S. prosperity to widen the group of people who benefit from globalization. They also understand that we can't manage such an integrated system alone, and if we try we will stimulate a coalition against us.

But while they have all the right convictions, the Lazy Democrats have the courage of those convictions only about half the time. In Kosovo, they stuck to their guns; they did the same with Nafta. But in April, when a deal to bring China into the W.T.O. was possible, they walked away because they didn't want to fight with Congressional Democrats and had not prepared the ground in advance. Same with the Test Ban Treaty.

"The Test Ban Treaty, W.T.O., U.N. dues, all failed," said Mr. Pastor, "because the nutty Republicans and the serious ones came together. Unless the President forms a new coalition between the serious Republicans and serious Democrats, America will not be able to forge a post-cold-war peace." □

Maureen Dowd is on a short leave.

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How Koch Industries Tries to Influence Judicial System

By JOHN J. FIALKA

Staff Reporter of THE WALL STREET JOURNAL
In September 1997, Judge Michael Corrigan left his courtroom in Kansas's State District Court in Wichita to join a small group of hand-picked state judges for a special seminar at the University of Kansas in Lawrence. Then, last December, he attended the second phase of the seminar at the \$250-per-night Sundial Beach Resort in Sanibel, Fla.

The topic: hard-nosed, market-based economics, a subject Judge Corrigan says he never took in college. "Talk about a mental challenge," the judge raves.

Equally interesting, however, was the identity of the founder and key patron of the two-week seminar: a Koch family foundation headed by an official of Koch Industries Inc. of Wichita, an oil, natural gas, minerals and agribusiness giant that aggressively lobbies government.

In between the sessions, Judge Corrigan handled the pretrial phase of two cases involving Koch. He was aware of Koch's involvement in the seminars, the judge says, but didn't inform any of the parties to the cases. "I considered it to be a matter of the University of Kansas," he says.

Efforts to Influence

The seminars illustrate how, in recent years, Koch has sought to influence thinking in the judicial system. Since 1995, 550 judges have attended the two-part, nearly expense-free "Economic Institutes for State Judges." Koch also has been directly involved in launching a parallel rating system for judges that grades them on how their decisions affect the business community.

There's nothing illegal about this, of course, but some see at least the potential for a conflict of interest. A lawyer opposing Koch in one of the cases that came before Judge Corrigan, Darrell Miller, of Mankato, Kan., says he saw no bias in the judge's handling of the case, in which his client, a grain company, agreed to pay Koch \$150,000 to settle an accounting dispute. Still, he wishes he had been told about the judge's involvement in the seminar. "This is something that all trial counsels would like to know."

Henry N. Butler, who holds the chair of "Koch Distinguished Teaching Professor of Law and Economics" at the University of Kansas, directs the economic seminars under the auspices of a university foundation heavily endowed by Koch Industries. He and other instructors run the sessions, which are very popular among judges.

Picking Up the Tab

One reason: Nearly all of the judges' expenses, about \$5,000, for the two weeks, are paid by some 90 major corporations, law firms and foundations. A Koch foundation contributes the most, about \$1,000 toward each judge's tab, according to Mr. Butler. Tax returns show that two Koch-controlled family foundations have contributed at least \$1.3 million toward the seminars.

Last month, 66 judges cooled off at the Snowbird Ski & Summer Resort, just outside Salt Lake City. Among other things, the judges were told in their morning sessions that judges let too much "junk science" into cases involving damage claims against companies and that the rules of the federal Environmental Protection Agency and the Labor Department's Occupational Safety and Health Administration are enormously expensive and often ineffective.

"Wow. We probably had the benefit of a whole course in economics this morning," said Superior Court Judge William D. Birney of Norwalk, Calif., as he and his wife rode up the mountain on a cable car to begin their afternoon of leisure.

Mr. Butler says that Koch has no role in the selection process. But a list of judges

who have taken the seminars, which were described in an article in the Wichita Eagle last week, shows that many successful applicants come from Kansas, Texas, Oklahoma, Minnesota and Louisiana—all states where Koch Industries' business is concentrated.

Weighing 'Overdeterrence'

One of the courses Mr. Butler teaches is about "the costs of overdeterrence" by judges who punish companies for harming people or the environment. "Many potentially hazardous activities offer great benefits to society," states the Institute's syllabus for the session.

Koch Industries has settled some of the most expensive environmental lawsuits in the country, including cases in Minnesota and Texas where huge oil spills have cost it over \$6.9 million in civil penalties and \$50 million for damages and cleanup costs.

Koch (pronounced "coke"), a closely held concern said to have annual revenue of \$30 billion, is before the courts in hundreds of pending cases, large and small. Mr. Butler sees no conflict between those cases and his seminar. "What we teach is basic microeconomics," he says. "We are providing an important public service by keeping judges intellectually alive."

Many of his former judicial pupils agree with him, including Judge Corrigan, who says he now views cases "in a way that is different than I have in the past."

The chairman of the ethics committee of the American Bar Association, Baltimore lawyer M. Peter Moser, says that in cases where a donor appears in court before someone who has been a recipient, "it creates an issue as to whether the judge should be disqualified, so it needs to be disclosed."

Grading Judges

Some judges say they decided to attend the seminars after receiving low grades from a new system that ranks judges on how their decisions affect the business community. Currently being used by political groups in judicial elections in half a dozen states, the ranking system, like the seminars, was developed with considerable help from Koch.

In 1996 Justice Alma Wilson, a member of the Oklahoma Supreme Court, scored a 39, one of the lowest scores in the state. She was outraged when an advocacy group—Oklahomans for Judicial Excellence—gave her the grade. She later got angry with Mr. Butler when he wrote a letter to the Daily Oklahoman applauding the scoring system and saying his seminar was a way judges could raise their scores.

She attended one of Mr. Butler's seminars, but the 30-year veteran of the bench says the whole process left a bitter taste: "I don't need any rehabbing."

Judge Keith Rapp, who sits on the Oklahoma Court of Civil Appeals in Tulsa, went to the Sanibel seminar in 1997 after getting a score of 42. He liked socializing with the other judges at their beachfront condominium and felt he gained from the classes in economics.

But later, when Mr. Butler came out in defense of the system for grading judges, Judge Rapp began to wonder. Economics are only part of what a judge must decide, he later wrote in an angry letter to Mr. Butler. A judge's oath of office also requires him to weigh such things as social benefits and racial integration, he argued.

Butler and Grading

While he knows Ron Howell, the Tulsa political consultant who developed Oklahomans for Judicial Excellence, Mr. Butler says his Law and Organizational Economics Center, based at the University of Kansas, isn't involved in it or any of the other groups rating judges. "I just don't follow this stuff closely," he says.

Both Mr. Butler's seminars and Mr. Howell's rating system were developed with early funding from Koch. Mr. Howell retired from an executive position with Koch in 1987 and set up his Tulsa consulting firm with Koch support.

He says the support gave him time to work on civic matters, such as the rating system. "We look at their clear pro-economy, anti-economy impact."

The rating system has been used by

pro-business groups in judicial campaigns in Texas, Louisiana, Alabama, Mississippi, West Virginia and Kansas. Last November, it popped up in Michigan in a tumultuous, watershed election that saw the formation of the first Republican-controlled Supreme Court since 1976.

One link between the seminars that educate and entertain state judges and the scoring systems that rank them is Richard H. Fink, senior vice president of Koch Industries.



Richard H. Fink

A trusted protégé of Charles Koch, the company's chairman, he runs Koch's Washington office.

He feels strongly that citizen-action groups, not academics or think tanks, are the best way to sell his free-market ideas. He defends

the Koch foundation's right to help fund the seminars: "Our funding of these programs is completely lawful, absolutely ethical and fully disclosed."

He left a professorship at Virginia's George Mason University in the early 1980s and founded a pro-business Washington lobby—Citizens for a Sound Economy—with some seed money from Koch family foundations.

Spreading the Philosophy

In 1990 Mr. Fink was hired to run Koch's Washington office and immediately began to turn his attention to ways to spread Koch Industries' libertarian "market-based management" philosophy. "We felt we ought to compete whenever there's a dis-

cussion of ideas," Mr. Fink explains. Since he was president of two Koch family-related, multimillion-dollar foundations and vice president of a third, he could put his dreams into motion.

He lured Mr. Butler from Virginia's George Mason University to fill the Koch-endowed chair at the University of Kansas, awarding him a \$500,000 grant from Koch Industries to set up a master's degree program. Then he awarded over \$1 million in grants from the Fred C. and Mary Koch Foundation to help Mr. Butler start the seminars.

Mr. Butler and at least one other professor he uses at the state judges' seminars, Barry Baysinger, have also been paid by Koch to teach the company's "market-based management" philosophy to managers at Koch's headquarters.

At the same time, Mr. Fink had a hand in giving life to Mr. Howell's grading system for state judges. He says he arranged some seed money for Mr. Howell, who got more from Citizens for a Sound Economy, the group Mr. Fink founded.

Very little of this tangled history was known to the judges meeting last month at Snowbird. At dinner one evening Judge Stephen J. Sundvold and two colleagues on the bench of the California Superior Court in Orange County were surprised to hear of Koch's involvement in the seminars. Judge Sundvold recalled that in the first week's session in Kansas one judge rose and asked Mr. Butler, "Who is paying for this?"

Mr. Butler, he said, told the judges "that we didn't need to worry about it."

Mr. Butler remembers the exchange differently. He says he explained that the seminar had a "broad base of support" from a number of companies and foundations but he didn't identify any. "I would have, if they had asked," he said.

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New Idea on Campaign Finance Emerges From Defeat

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By JEFFREY TAYLOR
And GLENN R. SIMPSON
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—The recent collapse of campaign-finance legislation in Congress actually may be helping forge a new consensus on a different way to change the nation's political money system.

The idea would be to construct rules that funnel more money directly to candidates, who can be held accountable for its use, rather than to party committees or outside groups. Then, the public would be told quickly who is donating the funds, so voters can judge for themselves whether the candidate has been tainted by the largess.

Proponents of this new approach see the 25-year quest to simply squeeze money out of campaigns as increasingly futile, as demonstrated by the recent collapse in the Senate of the latest version of campaign-finance-reform legislation. At the same time, though, there is growing unease within political circles over the premature demise of several seemingly credible Republican presidential contenders' cash-starved campaigns as evidence that some change may be needed.

Thus, the new package being bandied about has the markings of a grand compromise. There would be new curbs on so-called soft money, the unlimited donations that now can be made to political parties for vaguely defined activities and that reformers have cited as the principal vehicle for abuse of the current system. In return, reformers would agree to increased limits on money contributed directly to candidates. And there would be new requirements for instant disclosure of campaign contributors and the amounts they give.

Top reformers seem to be warming up to such a compromise. And some in the Republican Party, long a bastion of opposition, seem newly receptive.

"If we're going to break . . . years of paralysis," said Republican Sen. Chuck Hagel of Nebraska, "we're going to have to come at it a little differently."

Hagel Compromise

Sen. Hagel has produced the most talked-about compromise along these lines. His bill would increase candidate contribution limits to account for inflation, raising the caps to \$3,000 for each election from \$1,000 for individual donors and to \$7,500 from \$5,000 for political-action committees. In addition, Sen. Hagel would place new curbs on soft money, by limiting contributions to national parties from corporations, labor unions and individuals, to \$60,000 a year. He also would beef up disclosure, requiring more frequent donor reports from candidates and parties, plus new disclosure requirements for political television and radio ads, including those financed by special-interest groups.

His proposal contrasts sharply with the reform measure passed by the House this year but killed in the Senate. The House bill included a total ban on soft money and restrictions on political "issue ads"—the thinly veiled campaign advertisements that don't explicitly tell viewers how to vote, thereby evading disclosure and spending restrictions. Raising hard-money contribution limits is an anathema to some reform purists, such as the U.S. Public Interest Research Group. But Sen. Hagel and others argue that a new approach is needed.

After their latest defeat, longtime re-

form advocates Sens. John McCain, an Arizona Republican, and Russ Feingold, a Wisconsin Democrat, now appear cautiously receptive to Sen. Hagel's idea as they search for the 60 votes needed to break the GOP filibuster against their bill. "I don't like the idea of raising limits," Sen. Feingold says. "But in order to get 60 votes, we may have to at least talk about that sort of thing." So far, two Democratic senators, Bob Kerrey of Nebraska and Mary Landrieu of Louisiana, have signed on as co-sponsors of Sen. Hagel's bill.

Even some of Washington's staunchest opponents of increased limits also see seeds of compromise in the Hagel proposal. Reform activist Fred Wertheimer, a longtime advocate of increased fund-raising restrictions, acknowledges that "we need more resources in the [presidential] primaries," though he argues for increased public financing or subsidized air time. Nevertheless, he says, the Hagel proposal is significant, because "there is now the potential for a negotiated agreement around the fight to ban soft money and some adjustment to the hard-money limits."

Quicker Disclosure

One of the most significant recent developments on the campaign-finance front is the call for faster and more complete disclosure of political activity. This idea has been kicked around for years but has picked up steam lately, driven by the information-technology revolution, by voluntary Internet-based disclosures being made by some presidential candidates and, ironically, by House Republican efforts to deflect more rigorous reforms.

During this year's House campaign-finance debate, GOP Rep. Bill Thomas of California pushed a plan emphasizing disclosure as an alternative to banning soft money and restricting issue ads. Rep. Thomas's plan called for, among other things, electronic filing within 24 hours of contributions. Sen. Hagel and others took up the call for more disclosure when the debate reached the Senate.

Nonprofit watchdog groups that crunch numbers disclosed by campaigns to try to make sense of donors' political agendas, such as Washington's Center for Responsive Politics, welcome calls for additional disclosure. But they note that such reforms could be undermined by countertrends to-

ward more secrecy, including issue ads. Moreover, increased disclosure requirements and other rules only work if they are obeyed. And even some would-be reformers don't have spotless records.

The Center for Responsive Politics says Sen. Feingold, for instance, failed to completely identify the occupations of more than one in four of his donors, one of the worst records in the Senate. Sen. Hagel, by contrast, fully disclosed 98% of his donors' occupations. Sen. Feingold says his staff, rather than putting down inaccurate or generic occupations, tried to find out the donors' actual affiliations but in some cases was unable to do so.

Sen. Landrieu, meanwhile, paid a \$23,000 fine to the Federal Election Commission for receiving \$53,000 in contributions that exceeded allowable limits and filing disclosure reports that understated her election spending by \$226,950. Sen. Landrieu attributes the problem to accounting errors by campaign volunteers.

The new breed of campaign-finance reformers also argues for a different approach to soft money. While traditional reformers have sought to ban soft money completely, Sen. Hagel and his allies assert that a cap on soft money would be easier to defend legally from court challenges by groups that say a ban would violate constitutional free-speech rights.

The notion of raising hard-money limits is based in part on free-market economic theory. Some observers, such as University of Chicago economist John R. Lott, contend that donation limits amount to "price controls" and have pernicious side effects like encouraging fraud.

There is another economic reality at work as well. "If large contributions were banned totally, there would not be enough money available to finance campaigns at a level that informs the electorate," writes Bradley Smith, a Republican nominee to the Federal Election Commission and a political scientist. "Americans are unwilling, individually, to contribute enough money in small amounts to run modern campaigns."

Hard-money limits, Mr. Smith and others argue, have already had the unintended effect of penalizing outsiders and underdogs who want to run for office. No longer, for instance, can fringe candidates such as former Democratic Sen. Eugene McCarthy (who forced President Lyndon Johnson to drop out of the 1968 campaign) rely on a few wealthy donors to finance upstart campaigns.

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The Financial Modernization Conference Agreement Harms CRA

CRA requirements for cross-industry mergers

Summary: This is a watered-down version of a modestly positive piece in the House bill -- the 'have and maintain' clause. Under the old House bill, a bank applying to merge with a securities firm or insurance company (a new power granted by the overall legislation) would have needed a satisfactory Community Reinvestment Act (CRA) rating or been subject to a range of penalties. Then they would have had to maintain that rating in the future or again be subject to penalties. Under the proposed agreement, the 'have' is kept but the 'maintain' is dropped. In its place, the bank is required to have a satisfactory CRA rating in order to make future acquisitions of insurance companies or securities firms. For all such newly authorized mergers, there is no opportunity for public comment.

Critique: The bill encourages the creation of huge new financial conglomerates that would be less responsive to the needs of local communities and would lead to an even greater concentration of financial resources and power. This combination would substantially reduce lending in underserved communities to much more than offset any minimal gains made through encouraging banks to have satisfactory CRA ratings (which 98% currently have). And as the CRA requirement is dependent on additional merger applications, once a bank acquires a securities firm and an insurance company and reconfigures its operations, it is unlikely to file any more such applications, and the requirement might never again go into effect.

Some supporters of the provision have asserted that the 'maintain' had to be dropped to keep it line with how CRA has always applied to the banking industry, to which we raise two questions. First, the bill changes the entire structure of the financial industry; why couldn't we make a very modest change to how CRA applies? Second, if we are in fact constrained by how CRA currently applies, why isn't there an opportunity for the public to comment on the impact of the merger application (as the public is allowed to do when one bank files to acquire another bank)? With no opportunity for public comment and 100% of bank holding companies receiving satisfactory CRA ratings as grade inflation runs rampant, the provision is almost reduced to a simple paperwork requirement.

Wholesale Financial Institutions (WFIs)

Summary: The House bill created these new banks to serve large investors. One of their primary benefits for non-banks is that they could set up a WFI and obtain access to the payments system and the Federal Reserve's discount window, both of which, like deposit insurance, provide a public subsidy to banks. The House bill applied CRA to all WFIs, but the proposed agreement does not apply CRA, while only allowing non-bank financial institutions to affiliate with WFIs.

Critique: The lack of complete CRA coverage would give non-bank financial institutions access to these subsidies without any community reinvestment obligation.

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"Sunshine" provision

Summary: As in the Senate bill, the proposed agreement includes both public disclosure of CRA agreements and reporting requirements for banks and their partners in the agreement. The language has been narrowed, according to one explanation, to exclude banks' donations to groups like the Boy Scouts.

Critique: While we would hate to drag the Boy Scouts into this mess, that doesn't address the basic problems with how the provision discourages CRA agreements that commit banks to improving their lending records in underserved communities. Although it's portrayed as an innocuous reporting requirement, "sunshine" is an attack on the one category of banks' contracts that improves their lending to lower-income people and minorities. Unlike the government's laissez-faire approach to banks' contracts with advertisers, mortgage brokers, or anyone else that increases banks' business with other categories of customers, "sunshine" applies a different standard to banks' contracts with community groups and subjects those partnerships to what can only be negative interference by bank regulators.

This is another solution in search of a problem, as Sen. Gramm has yet to provide any evidence of one. By his own account, Senator Gramm has spent the better part of the past year directing his staff (at taxpayer expense) to harass banks into sending him their confidential CRA agreements and to search through every single CRA-related comment that's been submitted to regulators in the past five years. It's too bad he hasn't spent part of that time in low income communities, getting first-hand knowledge of how CRA really works. But when you sort through it all, he's found three things:

- Banks are providing support for loan counseling programs and other services that have proven successful in increasing their lending in lower-income neighborhoods.
- Banks are paying fees to some community groups that are in line with what they pay to mortgage brokers for providing what is essentially the same service.
- A bank or two has been "forced" into telling members of Congress it supports CRA. These provisions reflect conversations in which banks privately tell groups they support CRA, and the groups ask them to make that support public.

Sen. Gramm has also implied that there is something wrong about community groups agreeing to withdraw their objections to a merger in exchange for the bank entering into a CRA agreement with them. Such language is in almost every one of ACORN's agreements with banks, and there's absolutely nothing wrong or unethical about it. When a community group files a protest regarding a bank's community reinvestment performance, our ultimate objective isn't to criticize the bank but to push it to provide fairer access to loans and services to residents of currently underserved neighborhoods. The best means we've found for doing that is to get the bank to sign a CRA agreement that commits it to work with us through various programs that have solid track records of improving banks' community reinvestment performance. Through these partnerships, banks agree to provide more flexibility in their underwriting standards, reasonable interest rates (contrast to predatory lenders), and greater outreach to minority and lower income neighborhoods. If the bank is willing to enter into such a CRA agreement, the community group's primary concern has been addressed, and there's nothing shady about its agreement to refrain from filing a protest.

Small bank regulatory changes

Summary: Under current practice, all banks are subject to exam about once every two years. Since 1995, small banks -- defined as those with under \$250 million in assets -- go through a streamlined CRA exam process that regulators estimate leaves such banks with a paperwork "burden" that takes up ten hours of one employee's time per year. Under the proposed agreement, those same small banks would be examined once every four years if they received a satisfactory rating and once every five years for an outstanding rating.

Critique: This seems to be a solution in search of a problem. The simple fact that a bank received a passing grade on whether it was adequately capitalized does not provide any justification for postponing its next exam; so why should it postpone a bank's CRA exam? That's what this provision would do for the 97% of small banks that currently receive a satisfactory or above rating (grade inflation). It's obvious that the paperwork burden isn't excessive and that the only "burden" from which the provision's proponents are trying to free banks is their obligation under CRA to meet the needs of all the communities they serve.

There also is a common misperception that lack of access to capital is a problem confined to urban areas, but residents of many lower-income, rural communities face similar difficulties in obtaining a home mortgage or a farm or small business loan. Many of those communities have only one or two small banks nearby so it is essential that all of them are rated regularly for their lending performance. Spacing out exams once every four or five years would make it easy for small banks to boost their performance in the period leading up to the exam and then let it slide -- to the detriment of lower-income communities.

**Summary of Changes Needed to
Protect the Constitutional Rights of Community and Civil Rights Organizations
from the so-called "Sunshine Amendment"**

Prepared by ACORN
October 29, 1999

Public Disclosure of Agreements

- Make it effective 6 months after enactment of the Act
- Amend section 48 (a) (1) to read:
"the full text thereof shall be made available to the appropriate Federal banking agency and a summary of such agreement shall be made available to the public by each party to the agreement. The summary shall not include any proprietary and confidential information contained within the agreement."

Annual Report of Activity by Non Governmental Entities

- Amend section 48 (c) (1):
 - change the phrase "accounting of the use of funds" to "a summary description of the use of funds".
 - add the following: "under no circumstances shall the appropriate Federal banking agency require the nongovernmental entity to provide a financial audit or compilation from a certified public accounting firm"
 - Eliminate section 48 (c) (3) "Information to be Included"

Definitions

- Amend section 48 (e) (1) (B) (ii) to remove the words "if the funds are loaned at rates not substantially below market rates"
- Amend section 48 (e) (2), "Fulfillment of CRA", to specify the list of factors that the banking agency determines has a material impact, and define "material impact".

Violations

- Amend section 48 (f) (1) (B), "Diversion of Funds or Resources" to more tightly define "diverted" and "personal gain".
- Eliminate section 48 (f) (2), "Designation of Successor Nongovernmental Party"

Rule of Construction

- Amend section 48 (g) to authorize federal banking agencies to enforce the provisions of any agreement described in subsection (a).

Regulations

- Eliminate section 48 (h) (3) (A), which gives the Federal Reserve Board the exclusive authority to prescribe regulations which could be punitive to community groups.

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TELECOM/UTILITY RESOURCE CENTER



TELECOM/UTILITY RESOURCE CENTER

Eltonya A. Thompson
President & C.E.O.

P.O. Box 902

Glastonbury, CT

06033-0902

1-888-ELT-3899

Local 860-657-3768

Fax 860-657-1542

November 4, 1999

President Clinton
United States of America

Dear President Clinton:

I'm a small female/minority business in Connecticut that has been seeking State/Federal funds for the continued operation of my telecom/utility business from April 'til the present time and have been unsuccessful securing some sort of funding and support from these agencies in the Hartford area. My business will bring jobs to the community as well as assist consumers with better management of their telecom/utility expenses. I currently have potential clients that I will lose because I don't have the proper funding for equipment and working capital I need. I'm only asking for \$100,000 and this is no money for Connecticut when leaders can find millions to support a riverfront while a striving female/minority business sinks. This deeply saddens me to see this happen. I'm pleading for your help.

Very truly yours,

Eltonya A. Thompson

P.O. Box 902 · Glastonbury, Connecticut 06033-0902
P: 860.657.3768 · 1.888.ELT.3899 · Fax: 860.657.1542

THE PRESIDENT HAS SEEN

11-8-79

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Wt / Cob officers
can Rodney
+ find out
what ever happened
to them
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copied
Hennrich
Cabinet Affairs
Podesta

THE WHITE HOUSE
WASHINGTON

March 3, 1999

Dorothy Moore
Box 306
Arkansas City, Arkansas 71630

Dear Dorothy:

Thank you for your letter and for advising me about the proposal to pave the levee in Arkansas City. I'm pleased you are interested in the project.

I've passed your letter and the relevant information along to Secretary Slater at the Department of Transportation, for his proper review. Thanks again for keeping us informed about this.

All the best to you.

Sincerely,

Bill

Bill
I'll have someone
call you on it too—

THE PRESIDENT HAS SEEN

11-8-99

11-8-99

THE WHITE HOUSE

WASHINGTON

October 29, 1999

copied
Jennings
Ibarra
Podesta

Chris
Keytune
to work this out
PZ

MEMORANDUM TO THE PRESIDENT

FROM: Mickey Ibarra and Chris Jennings

SUBJECT: ARKids First – Governor Huckabee's response

CC: John Podesta, Bruce Reed, Bruce Lindsey, Karen Tramontano, Maria Echaveste, Ray Martinez

Governor Huckabee shot back the attached letter to you today in response to your letter on the ARKids First program issue. As you will note, his letter strongly suggests that the reason we are not immediately intervening to overturn the HCFA compliance notification is because we are caving to the politics of the left. He cites comments that he says both you and your aides have made. Attached is a copy of the letter sent by Governor Huckabee, background information, and some suggested Q's & A's.

BACKGROUND

Since the unpublicized Health Care Financing Administration (HCFA) letter was sent to Arkansas, Governor Huckabee has: (1) held a tasteless press conference questioning your commitment to the children of Arkansas; (2) sent you a letter using highly volatile language that can only be designed to politicize this issue and make it more difficult to come to resolution; and (3) taped tomorrow's Republican Radio Address that apparently will include the ARKids issue to criticize you and the "Washington knows best" approaches to delivering health care.

Ray Hanley and Amy Rossi are disassociating themselves from these tactics. They did not know the Governor responded to your letter and are both privately lamenting it. They are worrying that it will make it more difficult to resolve this complicated issue. At least as important, they also fear it will only invite the Washington advocates to highlight shortcomings in the Arkansas' Medicaid program, which will undermine the possibility of working out an agreement that they think is in the best interest of the State and the children of Arkansas. (In fact, Families USA wrote Secretary Shalala yesterday saying that the Arkansas request to enroll Medicaid eligible children in non-Medicaid benefit plans should be denied, concluding that "to do otherwise would be both unlawful and seriously harmful to poor families with children.") Also attached is a letter we just received today from Arkansas ACORN.

Late this afternoon, Governor Huckabee's staff indicated that he would not release his letter publicly until and unless we released your letter. While some interested Members of the Arkansas' Delegation have received it, we have urged all of them to keep it confidential. No press or consumer representative has seen your letter. Regardless, we fully anticipate that the Governor's office desires to and will release his response to the press within the next 48 hours – if they have not done so already.

As a result of the Governor's continued political posturing, we anticipate that the ongoing discussions with the state will become more difficult. It is worth noting that you and all of your Administration representatives have urged a low profile handling of this issue to make it possible to resolve this matter more easily and quickly. While we will continue to pursue this strategy, we do expect that the Governor's recent maneuvering and tactics may prolong the resolution.

QUESTIONS AND ANSWERS

The following are some suggested responses to questions regarding this matter. In general, we believe that you and your staff should capture the high-ground on this issue and avoid responding in kind to the type of partisan political posturing being used by the Governor.

Q: There is broad, bipartisan support for ARKids. Recognizing this, why can't you commit to allowing the parents of Arkansas the choice of enrolling their children in the new ARKids program, rather than the old Medicaid program?

A: First, it is impossible to have a free choice if there are serious barriers to parents choosing one option over another. The Governor and his representatives acknowledge that there are numerous barriers to enrolling in Medicaid that are not present for parents signing up for the ARKids program. Specifically, requirements for Medicaid that are not existent for those in the ARKids program include: a complicated assets test, a separate face-to-face interview, and an overall more complicated and intimidating application process. We can and should have the discussion about the issue of choice, but there must be a fair choice first. In this regard, we will continue to offer our assistance to helping the state simplify the Medicaid eligibility process. We believe we must avoid unhelpful rhetoric and move forward to constructive dialogue on this matter. And we are committed to doing just that.

Q: Mr. President, are you letting the politics of Washington jeopardize the delivery of health care to the children of Arkansas?

A: Absolutely not. There are clearly many parties in and outside of Arkansas interested in this issue. We cannot forget that decisions affecting one state's Medicaid program has potential major implications for all others. However, the decision about this and any other Medicaid issue will be made strictly on the merits with the best interest of children in mind. For this reason, I have instructed HHS to not take any action that would threaten the loss of health coverage for any child in the state.

Q: The Governor suggests that your aides have said that the “lefties” are influencing you to uphold the HCFA compliance letter and that is the reason why you are not responding directly to his request. How do you respond?

A: My concern on this issue is for the best interest of the children of Arkansas. Any decision on this matter will be made with their best interest in mind. They should be our only priority.

Q: Are you offended by the tactics the Governor is using and his apparent attempt to embarrass you on this matter?

A: I am not going to characterize the Governor’s tactics. As I told the Governor in my conversation with him on Monday, I am committed to working with him to resolve this issue with the best interest of the children of Arkansas in mind.

Q: What is your plan to resolve this issue and end this conflict?

A: We have already set up a process with the Governor’s staff and held the first meeting this past Wednesday. We agreed to work quickly to resolve this matter and decided that we needed to jointly conduct a review of the states’ current Medicaid enrollment practices. The conversations have been cordial and constructive, and we hope and expect they will continue to be so.



STATE OF ARKANSAS
MIKE HUCKABEE
GOVERNOR

'99 OCT 29 PM 5:01

President Bill Clinton
The White House
Washington, D.C.

Dear Mr. President:

When I talked to a member of your staff late Thursday, Oct. 28, he indicated we might receive a letter from you regarding our request for you to intervene with the Health Care Financing Administration to save the ARKids First program, which has been very successful in giving uninsured children in our state preventive and primary health care. Our office did not receive your letter until just before noon Friday after employees of the state Department of Human Services informed us they had received a letter from you addressed to me.

We have made it clear we will not and cannot negotiate on the issue of parental empowerment in choosing what coverage children receive. We are willing to make Medicaid more accessible and continue giving maximum coverage to a maximum number of children, but we are not willing to force parents into a decision that might leave their children without health insurance coverage. I was glad your letter indicated your administration "will not take any action that will cause Arkansas children to lose health coverage." While we could assume this indicates your agreement that we need to protect parents' right to choose, we would be much more comfortable with specific language to address that issue.

This program has worked beautifully in Arkansas and has been free from politics. It has been embraced by Republicans and Democrats alike, and people from both parties have worked hard to make it a success. In my conversations with members of your staff and you Monday, it was stated that the reason you could not immediately intervene and provide us assurances the program would continue without disruption was because of the political obstacles you face in Washington. One of your aides stated to Arkansas Medicaid Director Ray Hanley and me that the "lefties" insisted on entitlements for Medicaid-eligible families, even those who fully understand their options and yet still choose ARKids First.

Mr. President, please don't let the politics of Washington jeopardize the efficient delivery of health care to Arkansas children. ARKids First has been successful in part because it hasn't been a political issue in Arkansas. It has brought all of us together to solve a problem for our children. We urge you not to let the political pressure you and your aides described be imported to Arkansas and put these children and their families at risk.

President Bill Clinton

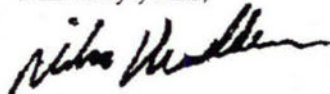
-2-

October 29, 1999

We are willing to make the choice of Medicaid as simple as possible for parents who are eligible. We are not willing to risk uninsuring thousands of children to satisfy any political agenda, whether from the left or the right.

We hope you can give us language that will protect parental choice and secure health insurance coverage for as many Arkansas children as possible.

Sincerely yours,



Mike Huckabee

ACORN

2101 S Main Street, Little Rock, AR 72206
(501) 376-7151

October 29, 1999

President William Jefferson Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Clinton:

We are writing to express our strong support for the position you have taken with respect to Arkansas' request for permission to enroll children who are eligible for the full Medicaid benefit package and cost-sharing protections into ARKids First.

We believe that Governor Huckabee's request for a waiver is not in the best interest of low-income children in Arkansas and nationwide.

We are an organization of 6,000 member families in Arkansas, and we believe that all children deserve a simple, streamlined, non-stigmatized health care coverage program. Arkansas has shown that it is possible to create such a program within the context of Medicaid; ARKids First, after all, is a Medicaid program. Yet, our state has not carried over the features of ARKids First that make it attractive to families to the regular Medicaid program. This has meant that poorer families have had to contend with in-person interviews at County DHS offices and other barriers to get their children enrolled and to keep them enrolled in Medicaid. By contrast, higher income families have not had to contend with these burdensome requirements and are made to feel good about enrolling their children in publicly funded coverage.

The Governor's solution is to bypass the regular Medicaid program and to let all families enroll in ARKids First. This is not a good solution. First, it forces families that prefer the better treatment offered to the public by ARKids First to give up their child's right to certain health care benefits and requires them to pay co-payments that they may not be able to afford.

Second, it leaves the families that remain in the regular Medicaid program even more marginalized. It should be noted that the children enrolled in Medicaid are disproportionately children of color. The Governor is setting up a two tiered health system in Arkansas that has significant racial overtones.

We cannot understand why the Governor would continue to stigmatize poor families. We have not forgotten the unfortunate remarks he made some years back about women on welfare sitting around all day watching Oprah.

Third, the Governor's solution would set a dangerous precedent for the country. Other states would point to Arkansas and ask the federal government for permission to allow them to bypass Medicaid as well and to enroll Medicaid eligible children in those states in separate CHIP funded programs. While many of these programs provide broad coverage to low-income children, they do not offer the protections and coverage guarantees that are key features of the Medicaid program.

Our members want all children in Arkansas to be able to enjoy the benefits of a family-friendly, affordable health coverage program. This Administration has stood firmly behind that goal, and we applaud your efforts to assure that this goal becomes a reality for all of Arkansas' children.

Sincerely,



Hattie Taylor
Member
Arkansas ACORN State Board

CC: Secretary Donna Shalala
US Department of Health and Human Services
1000 Independence Avenue
Washington, DC

Nancy Ann Miller DeParle
Administration
Health Care Financing Administration
US Department of Health and Human Services
1000 Independence Avenue
Washington, DC

THE WHITE HOUSE

WASHINGTON

October 28, 1999

The Honorable Mike Huckabee
Governor of Arkansas
Little Rock, Arkansas 72201

Dear Mike:

Thank you for sharing your concerns about the Department of Health and Human Services (HHS) letter about enrolling Medicaid-eligible children in ARKids. Expanding coverage to children has been a priority for me, and I applaud your leadership in making ARKids outreach efforts among the most successful in the nation.

As we discussed on Monday, I want to reiterate my commitment to putting the children of Arkansas first and foremost in any discussion that we have on the ARKids issue. I want to assure you that, during the process to resolve this issue, my Administration will not take any action that will cause Arkansas children to lose health coverage.

I have instructed White House and HHS staff to work with your Director of Medical Services, Ray Hanley, to rapidly resolve this issue. I was encouraged to learn that we share a mutual interest in making Medicaid as user-friendly and accessible as the ARKids program.

I am confident that, given the priority that we both place on the health and well-being of our children, we can develop a solution that best serves the children of Arkansas. I look forward to working with you in this regard.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bill Clinton", with a long horizontal flourish extending to the right.

...she wanted to go to the
froze again. He called Ron.
Aunt Hazel. Connie remind-
that no one except the husband

...he knew in the
killed on his bicy-
cle," Connie said of Walter. "Walter had
stressed to the boy before that he should

real world
hearts.

Derrick Z. Jackson is a Boston Globe
columnist.

Ideological-partisan warfare

**Michael
Kelly**



take of the political season, Gore and Bradley and other right-thinkers might say. What we are talking about here is that which occurs after, and which transcends, the season—the great and glorious business of governing for all. It is at this point that the argument becomes not only silly and stupid but dangerous.

Politics is governance. Partisanship is governance. Partisanship is good. Partisanship is how we make the whole great and unlikely experiment continue to work; partisanship is why America continues to lurch along more or less toward progress.

Imagine that, every day, we—each and every one of us citizens—greet the dawn possessed of our own little intact tabula rasa of a worldview. We jump out of bed, brush our teeth, comb our hair, pluck our navel lint and saunter out into the great wide world perfectly and honestly prepared to consider each and every new proposal for societal change that presents itself to our entirely open minds. We wouldn't be able to think, much less govern, our way through a week.

Life is chaos, and the first order of government is to impose order on chaos. A moral government imposes a moral order, which is to say, the order of the wishes of the majority, tempered by the needs of the collective and the rights of the minority.

Moral government rests absolutely upon

partisanship. In a nation of democratic impulse, the people naturally, eventually, sort themselves out. Some are abolitionists and some are defenders of the peculiar institution; some are supporters of The Great War or The Good War or The Vietnam War and some are not; some are capitalists and some are unionists and some are environmentalists; some are for civil rights and some are for states' rights; some are pro-life and some are pro-choice; some love big government and some loathe it.

As the people coalesce around their choices, they naturally give rise to mass ideologies. Political parties naturally form to express and institutionalize these ideologies. Between the opposing parties, there is naturally a fight. One ideology-party, representing at least a plurality of the people, triumphs and reigns for a period. Then, the other (or another altogether) ideology-party stirs itself, and there is another fight. And so on, and—thank God and the Framers—on.

The current phase of politics is frequently and ludicrously caricatured in the press as a time of bipartisan me-tooism. Most voters do not believe the work of the media cartoonists, who are possessed not of insight but ennui, and the voters are right. We live in fact in a classic period of ideological-partisan warfare, which began with the election of Ronald Reagan in 1980, and in which two radically differing worldviews are engaged in an epochal struggle to determine which should rule the nation. This is a large event, and it is a noble one. And it is, necessarily, partisan.

Michael Kelly is editor in chief of National Journal.

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Podesta

THE PRESIDENT HAS SEEN
11-3-99

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The Pillsbury Report on Whitewater

I'm responding to certain misstatements in Paul Gigot's Potomac Watch column (Sept. 24) attacking my nomination to the U.S. Court of Appeals for the Tenth Circuit, using as its means a false and incomplete account of a report I wrote in March 1992 concerning the Whitewater real estate investment of the Clintons. Let me set the record straight: As a friend of the Clintons and an attorney with more than 20 years experience in banking and complex litigation, I agreed in early 1992 to review the available records of the Whitewater real estate investment by the Clintons in order to address three questions:

- 1) Were the Clintons active or passive investors in Whitewater Development Co.?
- 2) Were they personally at financial risk, or were they "carried?"
- 3) Did they lose money, and, if so, approximately how much?

To assist me, I engaged a well-respected financial consulting and accounting firm federally certified and experienced in reconstructing complex financial fraud. Working within the intensity of a presidential campaign, we concluded from the available evidence that the Clintons were, indeed, passive investors, had been personally at risk for several hundred thousand dollars, and that they had in fact lost considerable money over a number of years. We delivered a detailed report to this effect to Gov. and Mrs. Clinton on March 23, 1992, which we also summarized. The conclusions and the summary that we provided were, of course, identical.

Consistent with my obligations as an attorney, I also advised the Clintons of their right to maintain attorney-client and other applicable privileges. They determined to waive privilege and released the report and summary to the public.

The report, released in March 1992, contained the following conspicuous and contemporaneous admonition:

"In many instances, documentation as to various transactions was incomplete or unavailable due, in part, to the passage of time and record retention policies of financial institutions. In some cases, documents could not be located or simply do not exist. Therefore, certain financial transactions could not be traced to underlying source documents or to other evidential matter. Accordingly, it was necessary to make certain judgments as to the appropriate characterization of financial transactions based on the purported activity. Where these judgments were made, we have done so in accordance with available facts and applied our experience from other forensic accounting and financial reconstruction projects we have been engaged to conduct."

Mr. Gigot's declarations that this caveat was withheld by me, was the subject of some other "memo," or was not made available until late 1993 are simply and demonstrably false. (In fact, when we did receive later evidence in May 1993, which caused us to revise the amount of money lost by the Clintons, this too was promptly released to the public.)

Conspicuous by its absence in Mr. Gigot's column is any reference to the unqualified corroboration of our report in the voluminous report prepared in 1995 by the national law firm of Pillsbury, Madison & Sutro, with financial and economic analy-

sis support from Tucker Allen Inc. (the "Pillsbury report"). The Pillsbury report was delivered to the Resolution Trust Company (later the FDIC) and furnished to both the Senate and the House in connection with their Whitewater investigations. The Pillsbury report required about two years to prepare, had full and complete access to all relevant records in the possession of the RTC/FDIC, and cost more than \$4 million, according to public reports.

The Pillsbury report found no wrongdoing by the Clintons in the Whitewater real estate investment, while concluding that they were passive investors personally at risk and lost substantial funds. Indeed, a public statement released by the House Republicans in response to an article that appeared in The Wall Street Journal on June 26, 1995, stated:

"The [Pillsbury] report concludes that the Clintons invested \$42.192 in Whitewater, which is relatively close to the \$46.137 loss as determined by the revised Lyons report."

The Pillsbury report also concluded: "Therefore, on this record, there is no basis to assert that the Clintons knew anything of substance about the McDougals' advances to Whitewater, the source of funds used to make those advances, or the source of the funds used to make payments on bank debt. In particular, there is no evidence that the Clintons knew anything of substance about the transactions as to which the RTC might be able to establish liability as to people other than the Clintons." (Pillsbury report, Dec. 13, 1995, page 77.)

Further, and perhaps most importantly, Pillsbury reported: "On this record, there is no basis to charge the Clintons with any kind of primary liability for fraud or intentional misconduct. This investigation has revealed no evidence to support any such claims, nor would the record support any claim of secondary or derivative liability for the possible misdeeds of others." (Ibid, page 77.)

The conclusions of the Pillsbury report are a matter of public record and have been for more than four years. Its conclusions—essentially the same as ours—stand unrebuted and unchallenged.

JAMES M. LYONS

Denver

Liver Cancer Gene Therapy

The Oct. 11 article "Gene Therapy Is Dealt Setback by the FDA" incorrectly implied that the FDA had required that we "halt" our p53 gene therapy clinical trials in patients with liver cancer. Rather, Schering-Plough is complying with a request by the FDA not to enroll new patients in two p53 gene therapy trials involving intrahepatic arterial (IHA) administration in the treatment of patients with liver cancer, although patients already enrolled may continue receiving therapy. We have provided to FDA data from our IHA p53 gene therapy trials to demonstrate the safety of our p53 gene therapy and to assist the agency in its investigation.

We are continuing with other p53 gene therapy trials that use different routes of administration. In these trials, we have observed generally good tolerability of the therapy and have not seen adverse events of the severity of those reported in the Penn trial.

ROBERT J. SPIEGEL, M.D.

Senior Vice President
Medical Affairs & Chief Medical Officer
Schering-Plough Research Institute
Kenilworth, N.J.

But Still Frozen

In his Oct. 14 Letter to the Editor, Brian P. Caradine takes John Bitter to task for improper use of the word "Chosun" (Oct. 6). I believe it is Mr. Caradine who stands to be corrected. The earlier letter mentioned being sent to "frozen Chosun," not to "the frozen Chosun." Chosun is the English term for Korea, "Land of the Morning Calm." Chosin is indeed famous as a battleground.

JOHN E. GEPSON

Northbrook, Ill.

The Term 'Rag Trade' Gains Real Meaning

In the Oct. 12 page-one article "The Grit, Or How Sights Denim Makes Money in Dirty Jeans," you refer to "grunge" as being an art form in high demand these days.

In the early days of Christianity, penitents strove to atone for their sins by wearing sackcloth and smearing themselves with ashes. Their miserable outward state thus reflected their miserable inward state. The fact that these symbols were worn publicly would seem to demonstrate that they wished their fellow man to know what sorry creatures they were.

Is there perhaps a corollary here?

ELISE MORLEY

Bullard, Texas

Worn, bleached jeans became popular several years ago, purchased not by real workers, but by kids and grownups who never had to soil their hands as laborers or farmers; it gave them the cachet of being tough and workmanlike. Now next spring's designer jeans are to become "downright dirty," with abrasions and grease stains at \$78 a pair?

If this is what fashion is to become, we are in real trouble as a society. Writers on manners and appropriate behavior might as well close up shop, along with the Laundromat. What a way to enter the new millennium, with the chic, rich denizens of the financial and cyberspace worlds dressed like homeless addicts lying in the streets.

Women of the business world, take your new Armani suit, throw it on the subway tracks and let a few cars run over it. Men, splash some mustard, onion rings, and 3-in-One oil on your new sports jacket to make it fashion worthy.

LETTITIA BALDRICE

Washington

Dumb Search Engines

Your Oct. 11 Marketplace headline asks "... Is it too late?" for an Internet startup company planning to provide web surfing without the need for ".com." Quite possibly it is. I agree that it's easier to remember addresses, and faster to use them, if you don't worry about whether it's ".com" or ".org," and just forget about about http. What RealNames Corp. seems to be offering is a search engine that would automatically find the right site and go there without the intermediate step of showing a list of possible matches. If they can accomplish that, it will of course be a major improvement over most current search engines, which tend to be fairly stupid about finding a company or organization's home page when given the exact name the user is hunting for.

RICHARD W. HATZENBUHLER

Hillsboro, N.H.

THE PRESIDENT HAS SEEN

11-8-99

THE WHITE HOUSE

WASHINGTON

October 20 1999

MEMORANDUM FOR THE PRESIDENT

FROM:

CHARLES M. BRAIN *CMB*

SUBJECT:

CONGRESSIONAL CORRESPONDENCE

Attached for your review is a letter from Sen. Daniel Patrick Moynihan (D-NY), enclosing a list of Senators who signed the letter that he and Sen. John Warner (R-VA) wrote asking Senate Leaders to postpone consideration of the Comprehensive Test Ban Treaty until the next Congress.

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+ Warner on two*

*Copied
Brain
Berger
NSC WW Desk
Crouch
Podesta*

Daniel Patrick Moynihan
New York

United States Senate
Washington, D. C.

October 18, 1999

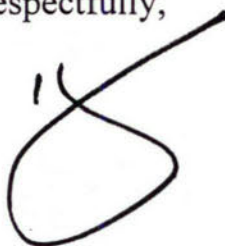
Dear Mr. President:

You might wish to have the names of the Senators who signed the letter John Warner and I wrote asking the Leaders to put off consideration of the Test Ban Treaty until the next Congress.

On the morning of the day of the vote we had a dozen cosigners. By six o'clock sixty-two, including twenty-four Republicans. Alas, the vote was an hour away, and we ran out of time.

The Treaty of Versailles would have been ratified, save for small things.

Respectfully,

A handwritten signature in black ink, consisting of a large, stylized 'D' with a horizontal line extending from the top right.

The President
The White House
Washington, DC 20500

Enclosures (2)

United States Senate

WASHINGTON, DC 20510

October 12, 1999

Honorable Trent Lott
Majority Leader
United States Senate
Washington, D.C. 20510

Honorable Tom Daschle
Democratic Leader
United States Senate
Washington, D.C. 20510

Dear Mr. Leaders:

The Senate Leadership has received a letter from President Clinton requesting "that you postpone consideration of the Comprehensive Test Ban Treaty on the Senate Floor." We write in support of putting off final consideration until the next Congress.

Were the Treaty to be voted on today, Senator Warner and Senator Lugar would be opposed. Senator Moynihan and Senator Biden would be in support. But we all agree on seeking a delay. We believe many colleagues are of a like view, irrespective of how they would vote at this point.

We recognize that the Nation's best interests, the Nation's vital business, is and must always be the first concern of the Presidency and the Congress.

But we cannot foresee at this time an international crisis of the magnitude, that would persuade the Senate to revisit a decision made now to put off a final consideration of the Treaty until the 107th Congress.

However, we recognize that throughout history the Senate has had the power, the duty to reconsider prior decisions.

Therefore, if Leadership takes under consideration a joint initiative to implement the President's request - and our request - for a delay, then we commit our support for our Leaders taking this statesmanlike initiative.

We ask you to join in giving your support. Please call Senator Warner at 224-8627 (Marie Dickinson) or Senator Moynihan at 224-1706 (Mark Bradley).

REPUBLICANS

Domenici, Pete V.
 Smith, Bob (OR)
 Warner, John W.
 Lugar, Richard G.
 Roth, Jr., William V.
 McCain, John
 Snowe, Olympia J.
 Collins, Susan M.
 Bennett, Robert F.
 Hagel, Chuck
 DeWine, Mike
 Sessions, Jeff
 Stevens, Ted
 Chafee, John H.
 Thurmond, Strom
 Brownback, Sam
 Specter, Arlen
 Hatch, Orrin G.
 Voinovich, George V.
 Gorton, Slade
 Burns, Conrad
 Gregg, Judd
 Grassley, Charles E.
 Jeffords, James M.

Total Reps: 24

Total: 61

DEMOCRATS

Moynihan, Daniel Patrick
 Biden, Jr., Joseph R.
 Lieberman, Joseph I.
 Feingold, Russell D.
 Levin, Carl
 Kohl, Herb
 Cleland, Max
 Wyden, Ron
 Dodd, Christopher J.
 Baucus, Max
 Hollings, Ernest F.
 Kennedy, Edward M.
 Mikulski, Barbara A.
 Reid, Harry (NV)
 Reed, Jack (RI)
 Rockefeller IV, John D.
 Bingaman, Jeff
 Robb, Charles S.
 Torricelli, Robert G.
 Feinstein, Dianne
 Schumer, Charles E.
 Breaux, John B.
 Kerrey, J. Robert
 Bayh, Evan
 Kerry, John F.
 Landrieu, Mary L.
 Murray, Patty
 Johnson, Tim
 Byrd, Robert C.
 Inouye, Daniel K.
 Lautenberg, Frank R.
 Harkin, Tom
 Durbin, Richard J.
 Leahy, Patrick J.
 Wellstone, Paul
 Akaka, Daniel K.
 Edwards, John

Total Dems: 37

11-8-99

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Office of the Assistant Secretary
(Acquisition, Logistics and Technology)

PAUL J. HOEPER

Army Acquisition Executive
Assistant Secretary of the Army
(Acquisition, Logistics & Technology)

103 Army Pentagon, Rm 2E672
Washington, DC 20310-0103
EMAIL: hoeperp@sarda.army.mil

(703) 695-6153/54
DSN 225-6153/54
FAX (703) 697-4003

THE PRESIDENT HAS SEEN
11-8-99



ASSISTANT SECRETARY OF THE ARMY
WASHINGTON

October 27, 1999

✓
Dear Bill,

Last week, I peeked into your office and noticed your collection of military medallions. I thought you might like to have one of mine.

Thirty-six years ago we talked a lot about the contributions we hoped we would make to America. I would never have had a chance to contribute in so meaningful a way without your faith and confidence in me. Thank you.

In friendship,

Page

11-3-99

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Office of the Assistant Secretary
(Acquisition, Logistics and Technology)

PAUL J. HOEPER

Army Acquisition Executive
Assistant Secretary of the Army
(Acquisition, Logistics & Technology)

103 Army Pentagon, Rm 2E672
Washington, DC 20310-0103
EMAIL: hoelper@sarda.army.mil

(703) 695-6153/54
DSN 225-6153/54
FAX (703) 697-4003

THE PRESIDENT HAS SEEN
11-8-99



ASSISTANT SECRETARY OF THE ARMY
WASHINGTON

October 27, 1999

✓
Dear Bill,

Last week, I peeked into your office and noticed your collection of military medallions. I thought you might like to have one of mine.

Thirty-six years ago we talked a lot about the contributions we hoped we would make to America. I would never have had a chance to contribute in so meaningful a way without your faith and confidence in me. Thank you.

In friendship,

Page

11-8-99

THE WHITE HOUSE

WASHINGTON

November 7, 1999

RECOMMENDED PHONE CALL

TO:

Isabel Serna (widow of Joe Serna (D-Sacramento))
H: 916-457-1837

Sacramento Staff Contact: Chuck Dalldorf
O: 916-264-5072
H: 916-441-5141 (h)
Page: 916-810-7158

DATE:

November 7, 1999

RECOMMENDED BY:

Mickey Ibarra, (6-7060)
H: 301-951-3347

PURPOSE:

To express your condolences for the death of Mayor Joe Serna to his widow, Isabel Serna, and his adult children, Phillip and Lisa.

BACKGROUND:

Mayor Joe Serna (D-Sacramento) passed away this morning. He was sixty years-old.

Mayor Serna was hospitalized Wednesday, November 3 after suffering a diabetic coma. He was released from the hospital Friday, November 5.

The mayor was diagnosed with kidney cancer nine years ago. The kidney was removed and doctors found no evidence the cancer had spread. A doctor who examined Mayor Serna for pneumonia in mid-February discovered that the cancer had spread to his lungs. The mayor resumed cancer treatments in March. However, treatment of his cancer was not successful and was recently suspended.

Additionally, Isabel is suffering from a recurrence of breast cancer and is recovering from surgery.

11-8-99

After you have seen,
we will send original
to Burkhardt.

TALKING POINTS:

I am deeply saddened to learn of your husband's death.

He was a terrific leader, and a wonderful friend to me. I will always be grateful.

I understand you have been ill recently as well.

Hillary and I will keep you in our thoughts and prayers.

THE WHITE HOUSE
WASHINGTON

November 7, 1999

✓
MR. PRESIDENT:

If you prefer not to call, we will prepare a
letter for your signature.

Sean Maloney

I did call him
but I should also
write
RM

THE PRESIDENT HAS SEEN
11-8-99

THE PRESIDENT HAS SEEN
11-8-99

farm letter

request for auth-
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crop farmer get
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Pls look into
reply

President

Clinton

11-8-99

After you have seen,
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CC: Secretary Dan Bickman
Congressman

THE PRESIDENT HAS SEEN 10-31-99
11-8-99

Dear President Clinton,
I am writing this letter to express my gratitude for the passage and implementation of the Farm-Aid Bill. Although this Bill does not solve all of the problem it will go a long way in helping to sustain our Nation's Farmers. This Bill will prevent many bankruptcies this year. I, speaking on behalf of many Farmers sincerely appreciate your concern and your actions at a much needed time. The implementation of this Bill has already began as far as sending out the 100% payments for 1999 and getting out payments for the 2000 Crop Year for your Traditional Row-Crop Farmers. Although I am not a Row-Crop Farmer, I am happy to see this expeditious service for them.

However, Alternative Crop Producers and Non-Program Crop Producers are waiting for the implementation of the Disaster Assistance to take effect because this is the only Assistance they will receive. I assure you that they have suffered just as great as the row Crop-Farmers due to depressed prices and damage to their crops. I talked to Farm Service Agency and they were not sure when these payments would begin. They said that it would most likely,

the next year. FSA also told me that the payments probably would have to be prone due to insufficient appropriations. Well, I'd like to make a statement and ask a question. These Alternative Crop Farmers deserve the same expeditious treatment on the same levels as your Row Crop Farmers. It is only the last of October now and if they don't make too many unnecessary and unwarranted changes to 1998's Program they could be processing payments in 30 days instead of like eight months that it took for 1998. The levels on Loan Deficiency Payments were raised to \$150,000 per person or per entity. FSA paid the Farmers 100% of the 1999 payments. It is not fair and it shows Disparate treatment to prolong processing their payments and also prorating their payments. Although these Farmers are a minority, do they not deserve to be treated the same as Row-Crop Farmers? The only Fair Solution to this problem is to raise their payment levels to \$150,000 and pay them 100% of their losses. We all know that this has been a devastating year and this is the only help these farmers will receive to supplement their low prices and the losses for their Crops. This does not need to be put off the back burner simply because you have

the majority of the Farmers satisfied.

Again I thank you for the things that you have already done, but the job is not quite finished yet, so please make sure that all Farmers are treated equal and receive their payments expeditiously. I heard that additional appropriations would have to be made. This may be needed to adequately supplement the Farmers.

I want to briefly mention the Black Farm Settlement. I know you have received concern about the legitimacy of some of your Plaintiffs but I assure you the way they are scrutinizing these claims, no one will receive a payment unless he or she deserves it. As a matter of fact, I know several legitimate Farmers who has been denied because of a minor technicality. Hopefully, the Monitor can help them receive their payments. The only concerns that you should have is making sure payments are issued as quickly as possible, and that everyone who truly deserves a payment receives it because all of these claims are very highly scrutinized.

Thank you for all of your help and concern for the welfare of others because this is what will enable us to stand as a great nation.

Sincerely,
Abraham Carpenter Jr.
P.O. Box 355 Grady AR 71644
Ph 870-540-9278

National Leadership Ministries

October 31, 1999

THE PRESIDENT HAS SEEN

11-8-99

The President
The White House
Washington, DC

Dear Mr. President,

Recently I was reminded of an experience I had several years ago and I felt that I should share it with you. My husband and I were traveling in a country where there was much darkness and spiritual oppression. While I was praying early one morning I saw what looked like a black veil begin to move across the room. As soon as it appeared I saw a bright light come from the other side of the room. When the two met, the light overcame the darkness. This sort of vision is not a regular experience for me, so I immediately began to pray about what had happened. The understanding God gave me was clear and very simple. The darkness was an illusion and the bright light, which came from God, was reality. The dark illusion which brought with it fear and confusion was dispelled by the light of God which brought truth and peace.

In 1 Peter 2:9-10 we read this wonderful promise, "But you are a chosen generation, a royal priesthood, a holy nation. His own special people that you may proclaim the praises of Him who called you out of darkness into His marvelous light." It was never meant for God's people to dwell in darkness. However, when the darkness comes to bring its oppressive illusion, God sends his gracious gift of light. How good it is to know that we don't have to play a balancing act with darkness. How good it is to know that this light is the true reality for all those who know and love God. It is amazing that when darkness is all around us we can still have the light within us.

I can't imagine any more difficult place of service than the one you have been called to for the last seven years. At this moment in history there is more darkness and spiritual confusion than ever before. Strife, wars and hatred have eaten away at world peace and brought disaster to so many people. But for those who are called out of darkness into his marvelous light, there is a great hope. In the scriptures there is a reference to the Son's of Issachar. It is said of them, "they had an understanding of their times, and they knew what Israel should do." Our prayer for you today, is that you would have the same clear understanding of the times our nation faces and that you would know what to do. There is however, only one way to have such clarity, you must walk in the light.

Recently I talked with Dr. Lloyd Ogilvie, Chaplain of the United States Senate, and he told me of his recovery from open-heart surgery. As he told his story, he shared a verse of scripture that had impacted his life during this difficult ordeal. It is found in Jeremiah 30:17. "For I will restore health to you, and heal you of your wounds says the Lord. Because they called you an outcast saying, This is Zion, no one seeks her." There is a great encouragement for us as we put our trust in our righteous and loving God. He has promised us healing for our wounds. He has promised us his marvelous light. He has promised that we will no longer be considered outcasts. And he is faithful that promised.

God bless and give you strength as you continue to serve our Lord and our country. I wish you could meet the thousands of people who pray for you on a daily basis. These are the servants who are willing to receive God's heart and pray for you according to God's Word.

Sincerely,

Rev. and Mrs. Roger Story

Rev. and Mrs. Roger Story
National Leadership Ministries

11-8-99

After you have seen
we will send to
Beckhardt



WHITE HOUSE
MILLENNIUM COUNCIL

Honor the Past—Imagine the Future

THE PRESIDENT HAS SEEN
11-8-99

✓ JMC
11-8-99

'99 NOV 1 PM 2:47

Do try to carry
cc Podesta
underlining

Dear Mr. President,

The historian Dan Carter sent
me these books to give to you.

He also wrote to encourage you to
name a White House Historian during
your last year in office (an idea
John Podesta and I have discussed
at the urging of the Organization of
American Historians.)

As these works have so much
to say about changes in the South,
I thought you would want to
see them.

Copied

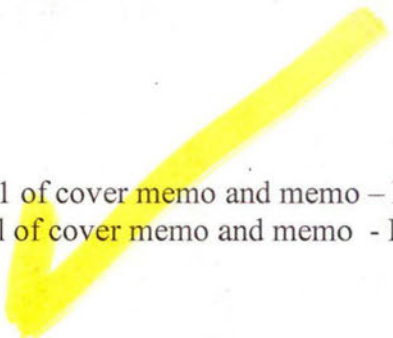
Sincerely,

Podesta

Ellen

11-8-99

After you have seen,
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Tab B - Page 1 of cover memo and memo – Berger/Podesta
Tab C - Page 1 of cover memo and memo - Podesta/Reed/Sperling



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U.S. SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

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NOV 3 1999

THE PRESIDENT HAS SEEN

11-8-99

MEMORANDUM FOR THE PRESIDENT

I am pleased to enclose an important new report on access to child care for low-income families that HHS released last week. The report confirms the desperate need for additional investments in child care, and reinforces the critical importance of the Administration's efforts to secure additional child care subsidy funds in our on-going negotiations on the FY 2000 appropriations bills.

This report, titled *Access to Child Care for Low-Income Working Families*, finds that only 10 percent of the children eligible for Federal child care assistance are receiving the help they need. According to the report, which includes estimates done by the nonpartisan Urban Institute, 14.7 million children were eligible under Federal law last year for subsidies to help their parents pay the high cost of child care, but due to the limited funds available under the Child Care and Development Block Grant, only 1.5 million children actually received assistance. The percentage of eligible children who were served varied by state, from a high of just 24 percent in West Virginia to a low of 4 percent in Mississippi.

The report also finds that the price of child care is prohibitively high for low and moderate-income working families that do not receive assistance – from \$3,500 to \$7,000 a year for a single preschool child. Child care costs consume one-quarter of the income of low income families that pay out of pocket for the care of at least one preschool child.

As you know, the Senate version of the Labor-HHS-Education appropriations bill included an additional \$818 million in discretionary funding for the Child Care and Development Block Grant (CCDBG). The Dodd-Jeffords amendment to add this funding passed the Senate by a margin of 54-41 – the fourth time this year the Senate has voted to provide new money for child care assistance. Unfortunately, the Republican leadership did not include this funding increase for child care in the Labor-HHS-Education-DC appropriations bill passed this week.

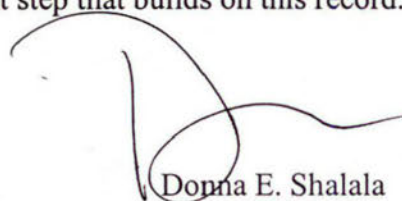
I hope you will make this additional funding a top priority in Administration negotiations with the congressional leadership and appropriators. The additional \$818 million would help approximately 220,000 families pay for safe, reliable care for their children. Securing this funding would represent a major victory for the Administration. It would represent a significant down payment on the \$1.155 billion funding increase you requested for the CCDBG this year. Since the entire CCDBG program is forward funded every year, the additional \$818 million would not significantly complicate the outlay picture for FY 2000.

Thanks in large part to your economic policies, the U.S. economy continues to be remarkably strong. Yet, as you noted in your speech on October 29, 1999, we as an Administration need to focus on helping parents balance work and family.

As you know, with the unemployment rate at a 30-year low, many employers are struggling to find workers. Even prior to this unprecedented economic expansion, the BLS predicted that women would make up 60 percent of new entrants to the labor force between 1994 and 2005. Welfare caseloads have experienced historic declines over the past few years, further increasing the number of women in the labor force. Unfortunately, parents cannot be productive employees when they cannot find affordable, safe care for their children. The HHS child care report finds that parents who do not receive child care subsidies are much more likely to be late for work, or miss it entirely, due to breakdowns in child care arrangements. Other parents, as you observed in your speech, are at work but are too worried about their children to concentrate on the job at hand.

Quality child care is necessary not only for parents to work productively, but for children's development and success in school. The overwhelming majority of children today are in child care at some point before entering school. New research from NIH reinforces the findings highlighted at your White House Conference on Early Learning and the Brain – children in higher quality child care programs develop stronger language, reading and math skills than do children in poor quality programs. The better the child care program, the better the child is prepared for school.

I am very proud of the progress your Administration has made so far to ensure that parents can succeed at home and at work, and in so doing help their children establish the foundation for a healthy and productive life. Securing additional child care funding in this budget cycle would be a tremendously important step that builds on this record. Thank you for your consideration.



Donna E. Shalala

THE WHITE HOUSE

WASHINGTON

November 6, 1999

THE PRESIDENT HAS SEEN
11-8-99

MEMORANDUM FOR THE PRESIDENT

FROM: SEAN MALONEY *SM*

SUBJECT: Recent Information Items

I am forwarding the following recent information items:

- (A) **Secretary Summers Memo on Meeting with Nigerian President Obasanjo** – following your joint press conference, Larry sought to explain why rescheduling Nigeria's foreign debts would be more in Nigeria's interest than debt reduction; Larry believes Obasanjo cares more about reducing his country's debt servicing costs and freeing up resources for domestic priorities than the precise route by which those goals are achieved; Obasanjo expressed a strong commitment to working with the IMF and the World Bank; they agreed that these issues would be pursued at the first meeting of the US-Nigeria Joint Economic Partnership Committee this past week.
- (B) **Secretary Shalala Memo on the Biotechnology Engagement Program** – takes note of your speech to the VFW in August, where you noted how little Russian weapons scientists earn; updates you on a new initiative to engage former biologic weapons scientists from the New Independent States in collaborative research on applied high-priority public health problems (e.g., tuberculosis, hepatitis, HIV/AIDS); State has provided \$4.8M in start-up funding to HHS to further these efforts. *cc: Shalala*
- (C) **Report on Access to Child Care for Low-Income Families (via Secretary Shalala)** – finds that only 10% of the children eligible for Federal child care assistance are receiving the help they need; 14.7M kids were eligible last year, but due to limited funds available under the Child Care and Development Block Grant (CCDBG), only 1.5M kids actually received assistance; results varied considerably by State; the Senate voted to add \$818M for the CCDBG, but the GOP leadership removed the funds from the Labor/HHS bill you vetoed last week. *cc: Podesta, BOD, G. Bush, S. Clinton, J. W. -*
- (D) **Y2K Monthly Summary from John Koskinen** – since his last report to you they have continued to monitor federal systems as we move toward New Year's; participated in their fourth trilateral meeting with Canadian and Mexican Y2K coordinators; issued new assessment data on Y2K progress within the education and oil and gas sectors; and met with State Y2K coordinators to discuss their plans for monitoring systems at the end of the year. *Please see memo for details.*

WASHINGTON

November 6, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: SEAN MALONEY 

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11-8-99

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C. C. Shuler

cc Podiatry
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THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201



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OCT 5 1999

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THE PRESIDENT HAS SEEN

11-8-99

MEMORANDUM FOR THE PRESIDENT

We in the Department of Health and Human Services (HHS) took note of your address to the Veterans of Foreign Wars, in Kansas City on August 17, where you noted that in Russia "the average salary of a highly trained weapons scientist is less than \$100 a month." I want to let you know where we stand with a new initiative, the HHS Biotechnology Engagement Program (BTEP), a program that grew out of requests we received last year from the Secretary of Defense and the Secretary of State.

We are now working with our colleagues in the Departments of Defense and State to engage former biologic weapons scientists from Russia and from the New Independent States in collaborative research on applied high-priority public health problems. We have just completed an initial assessment in Russia involving experts on the cutting edge of tuberculosis (TB) research and development. They have identified a number of good topics and pairings of former weapon scientists with U.S. counterparts to develop rapid diagnostic tests, conduct basic research on TB vaccines, and work on new drugs for the treatment of TB. This is particularly important given the dangerous emergence of multi-drug-resistant TB.

The Department of State has provided HHS with \$4.8 million in start-up funding not only to address TB but for similar activities in areas such as hepatitis, HIV/AIDS, and other infectious diseases. These projects will be implemented through the International Science and Technology Center, one of the State Department's very successful nonproliferation programs.

I want to assure you that we are taking steps to engage these weapons scientists in mutually productive public health work and that we have both the capacity and the need for the funding requested by the State Department to support this activity. We are ready to join with State in seeking Congressional approval for the full program proposed by the Administration.

Donna E. Shalala

Copied
Berger
Podesta

Tab A - Entire Report: Baily/Podesta; page 7: Secretary Slater/Podesta
Tab C - Sperling/Podesta
Tab D - Entire Report: Reed/Liu/Podesta; page 2: M. Penn/Podesta
Tab E - Frampton/Podesta
Tab I - Ibarra/Podesta
Tab J - Entire Report: Marshall/Balderston/Podesta; page 7: Burson/Podesta
Tab K - Ucelli/Janenda
Tab L - Entire Report: Cahill/Podesta; page 3: M. Penn/Podesta
Tab M - Entire Report: Ahn/Johnson/Podesta; page 1: Reed/Jennings/Podesta
Tab N - Cutler/Podesta/Echaveste
Tab O - Entire Report: Moore/Podesta; page 10: M. Penn/Podesta/Sosnik

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

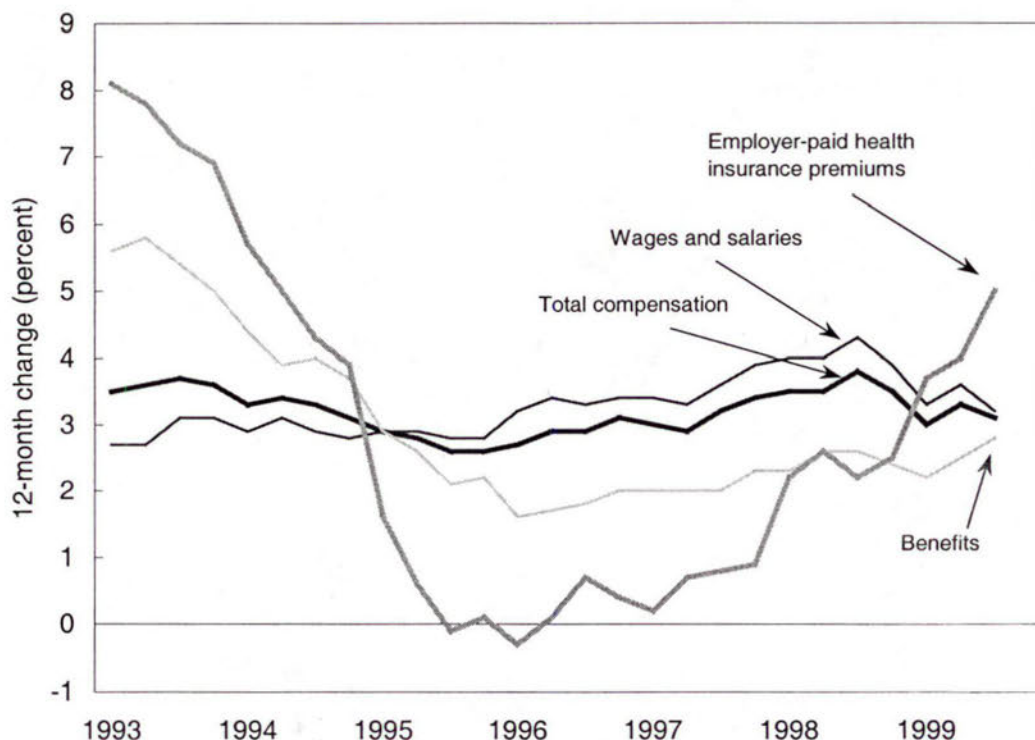
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

October 29, 1999

*copied
Bailey
Podesta
pg 7
Sec Slater
Podesta*

CHART OF THE WEEK

Employment Cost Index for Private Industry



Over the 12 months ending in September, hourly compensation, measured by the employment cost index (ECI), rose 3.1 percent. As they have for the past several years, wages and salaries rose faster than benefits. However, employer-paid health insurance premiums continued to accelerate, rising 5.0 percent over the 12 months ending in September.

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"I lost everything in the Beanie Baby crash of '99."

CURRENT DEVELOPMENT

GDP Scorecard: Third Quarter 1999

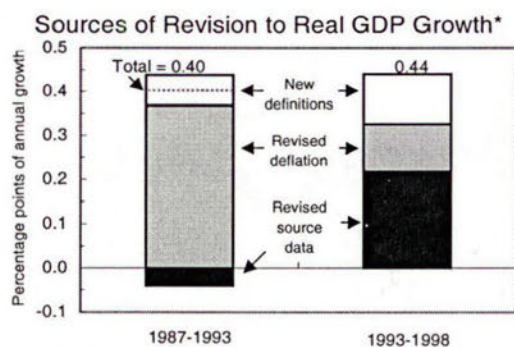
Real GDP is estimated to have grown at a 4.8 percent annual rate in the third quarter of 1999. Strong growth in consumption, investment in equipment and software, and an increase in stock building accounted for the gains. The price index for GDP increased 1.3 percent over the past four quarters, about the same as the year-earlier rate.

Component	Growth*	Comments
Total consumer expenditures	4.3%	Although down from an annual growth rate of 5.8 percent in the first half, this growth rate is still strong and exceeds the growth of real disposable income.
Equipment and software	21.7%	As usual, computer investment was strong, but industrial equipment—which had stagnated for the past year—sprang to life.
Nonresidential structures	-5.0%	Nonresidential structures investment has fallen for three consecutive quarters as industrial structures have been weak. However, office building continues to trend up.
Residential investment	-6.3%	The decline—the first in over 2 years—had been foreshadowed by housing starts. Starts are running high relative to their demographics and are not likely to grow further.
Inventories (change, billions of 1992 dollars)	\$28.1	Despite a sizable increase from the second-quarter pace, inventories remain lean with respect to sales. In the fourth quarter, firms may build buffer stocks against Y2K problems.
Federal purchases	3.1%	A large increase in defense purchases offset a decline in nondefense purchases.
State & local purchases	3.4%	This growth rate is close to the average pace of the past 3 years.
Exports	12.4%	Exports had been fairly flat since mid-1997, the start of the Asian economic crisis. The gain in exports last quarter may indicate more rapid growth abroad, but it is too early to say.
Imports	17.2%	Large increases in imports of consumer and capital goods reflect the strength of domestic consumption and investment.
*Percent real growth in the third quarter at annual rates (except inventories). This advance estimate is subject to substantial revision, especially for exports, imports, and inventories, where the estimates are based on only 2 months of data.		

SPECIAL ANALYSIS

Revisions Show Higher GDP Growth

The Commerce Department's benchmark revision—which incorporates information from the periodic economic censuses—shows higher real GDP growth for every year since 1978. In addition to bringing in new data sources, the benchmark revision provided an opportunity to change accounting definitions and to improve the consistency of the historical record.

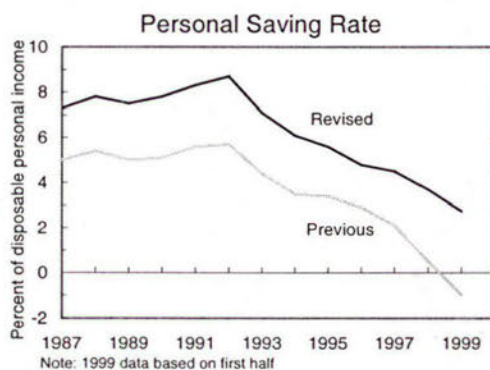


On the product side. Over the 11 year period between 1987 and 1998, revisions to the annual rate of growth of real GDP averaged 0.4 percentage point. Since the first quarter of 1993, real GDP has grown at an average annual rate of 3.8 percent. Over the past 4 years real GDP grew at a 4.1 percent annual rate.

The revisions fall into three main categories (see upper chart):

- **Source data.** Incorporating new data from the economic censuses and other sources added about 0.2 percentage point per year to growth since 1993, but had little impact on prior years.
- **Revised deflation methodology.** For the 1987 to 1993 period, the largest component of the revision represents a change in how spending is adjusted for inflation. Most of the change in deflation methodology reflects extending the new methodology now used for the CPI to the years 1978-94 (this methodology was already in use for the post-1994 period).
- **New definitions.** The most significant new definition is the inclusion of the purchase and development of computer software as investment, raising the

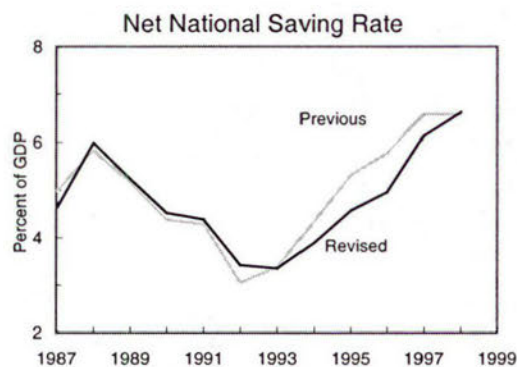
level of GDP by about 1.9 percent by 1998. This change raises the *growth rate* of real GDP by an average of 0.1 percentage point per year.



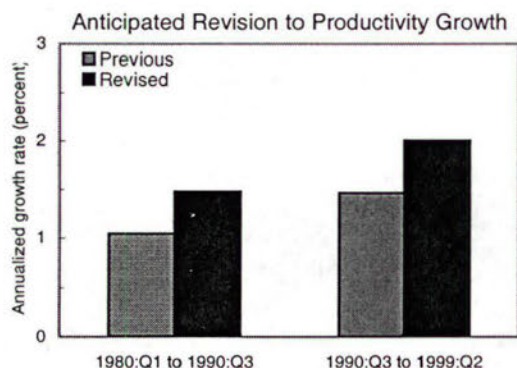
On the income side. Pension plans for government employees were moved from the government to the household sector so that contributions to (and interest and dividends earned by) these pension plans are now classified as personal income, while the pension

payments were removed from transfer income. This reclassification boosts the personal saving rate over most of the past decade (see lower chart on previous page), but it is offset by a decline in government saving. The personal saving rate

still shows a marked decline but is no longer negative. New data boosted wages and salaries substantially in 1998, adding to income and saving.



With software now classified as investment, software depreciation is added to the income side of the accounts. Although the new procedure boosts gross saving, net saving as a share of GDP changed little (see upper chart).



Productivity. Clearing away the smoke from the new classifications and deflation procedures, new source data indicate that spending and income both grew a bit faster over the past 5 years than had been thought previously. This suggests an upward revision to productivity growth (see lower chart) that is likely to boost the estimated growth rate of potential output.

Budget implications? These revisions have limited implications for the budget outlook because many of them (such as the treatment of software) have little impact on Federal receipts and outlays. However, the small upward revision in the acceleration of output in the past few years hints at further growth that could have a modest positive impact on the budget surplus.

ARTICLE

Evaluating the Evidence on Job Stability

Recent research provides a fresh look at the question of whether job stability has been on the decline in the 1990s. This question achieved prominence in the popular press a few years ago and continues to resurface from time to time. The new research finds that, although instability may have increased for certain groups of workers through the mid-1990s, the earlier press accounts were more alarmist than the evidence seems to warrant.

Earlier evidence. Over the last several years numerous newspaper and magazine articles have worried about the “downsizing” of America and the loss of permanent jobs. In 1996, for example, the *New York Times* stated that “the notion of lifetime employment has come to seem as dated as soda jerks, or tail fins.” The conclusions of these news reports generally suggest that there is a new reality in the U.S. labor market such that workers must anticipate more frequent job changes, are in constant fear of being laid off, and will be unable to retain a career job for much of their work life. Analysis in the 1999 *Economic Report of the President* called this picture into question, noting, for example, that job displacement had begun to decline from its 1993-95 peak. Nevertheless, the *Report* noted that the rate of job displacement in 1995-97 remained higher than it was in 1987-89 with a similar rate of unemployment.

Evidence from large corporations. Many popular accounts emphasize the experiences of workers in large firms and are frequently anecdotal or based on particular downsizing announcements. More systematic evidence, however, comes from a recent study that used actual payroll data from 51 large corporations that were the clients of a consulting firm to analyze what happened to employee tenure and the percentage of workers in long-term jobs in the 1990s. In fact, this study found that the average tenure of employees was longer in the mid-1990s (13.4 years) than it was in the early 1990s (12.6 years) and that the percentage of workers who have been with the same employer 10 or more years actually increased considerably in the 1990s. It found no evidence of a trend toward focusing on mid-career employees in the implementation of downsizing decisions. Rather, the retention rates for workers with 10 to 19 years of service were virtually identical in downsizing and growing firms.

This evidence is specific to large companies and may not be representative of all U.S. workers. For example, each of the firms surveyed has a defined benefit pension plan and all of the firms provide health insurance to their employees. However, this evidence provides some kinds of information about firm behavior that is not available in household surveys.

Evidence from household surveys. The advantage of household surveys is their representativeness, and the new research on job stability is largely based on such surveys. While there is still less than total agreement among all the new studies,

there is some evidence that job instability showed small increases during the early to mid-1990s for certain workers—white males with long tenure, blacks, and young workers—but not the dramatic change reported in the press. For example, one study found some indication that more-tenured workers experienced a significant decline in job stability but less-tenured workers experienced gains. The authors do not, however, see this as part of a longer-term trend toward decreased job stability for the American workforce generally. Indeed, a different study that used data from two large household panel surveys found little change in overall job exit rates and concluded that any increase in instability that may have existed in an earlier period did not persist into the 1990s. This study also found little evidence of an *increase* in job *insecurity* as measured by involuntary terminations, a job ending in a spell of non-employment, or of job changes being accompanied by wage declines.

Conclusion. While there is some hard evidence to back up the stories in the popular press about changes in job stability, recent research offers a more tempered view. As one commentator noted, “where there was once anecdotal smoke, there is now some statistical fire—but not a raging conflagration.” Finally, it is worth emphasizing that most of the studies on this topic have only used data through the mid-1990s. The continued strong economy should help to remove fuel from any remaining fires.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Dow Now Will Do Windows. For the first time in its history, the Dow Jones Industrial Average will include NASDAQ stocks, with Microsoft and Intel joining SBC Communications and Home Depot as new members of the 30 stock index. These four will replace Chevron, Goodyear, Sears, and Union Carbide, effective at the beginning of trading on Monday. The managing editor of the *Wall Street Journal*, whose editors select the component stocks of the Dow, said that these changes will make the index even more representative of the evolving U.S. economy. The *New York Times* noted that recently the Dow has grown more slowly than the Standard and Poor's 500 stock index, with which it competes for license fees from option and futures trading based on the indexes. The *Times* calculates that if the current changes had been made at the time of the last change of the Dow in 1997, the index subsequently would have grown faster than the S&P 500 and would have peaked at more than 12,800 this summer. The Dow is price-weighted (in contrast to most others, which are value-weighted). Hence, Microsoft is not the dominant stock in the index. Because a given percentage change in a stock with a high price moves the Dow more than the same change in a stock with a lower price, American Express has a bigger weight than Microsoft.

EITC Promotes Employment among Single Mothers. The EITC is responsible for large increases in the employment of single mothers since the mid-1980s, according to a recent study. Between 1984 and 1996, the proportion of single mothers who worked during the previous year increased by 9 percentage points (to 82 percent). The share of single mothers with young children who worked rose 14 percentage points (to 75 percent). The study found that over 60 percent of the overall increase was attributable to the EITC. Changes in welfare benefits and welfare waivers accounted for much of the rest, while other factors, including expansions of Medicaid and child care and changes in training programs, played a small role.

Goodman
in brief
11-8-99

Creating a Living Downtown in Denver. In a report published last year, the Brookings Institution and Fannie Mae found that many American downtowns are experiencing population booms—especially those of New York, Denver, and Houston. A recent follow-up report, written by the Director of Denver's Community Planning and Development Agency, discusses that city's experience. The report cites a strong economy, population gains in the region, and a stock of low-cost buildings to be redeveloped as contributing to downtown Denver's growth. It also identifies certain public policies that may have helped, including policies to give definition and cohesion to Denver's downtown neighborhoods, such as the declaration of Lower Downtown ("LoDo") as an historic district in 1988. Downtown accessibility was improved through new roads leading to downtown and by free shuttle bus service linked to regional bus terminals. Regional amenities were added as well, including new cultural and sports venues, a convention center, and the parks along the South Platte River. The city also expanded police presence, worked to preserve old buildings, and sought developers to rehabilitate empty buildings.

Dr. P. S. S. S.
Dr. P. S. S. S.

RELEASES THIS WEEK

Gross Domestic Product

According to advance estimates, real gross domestic product grew at an annual rate of 4.8 percent in the third quarter of 1999.

Employment Cost Index

The employment cost index for private industry workers rose 3.1 percent for the 12-month period ending in September.

Advance Durable Orders

Advance estimates show that new orders for durable goods decreased 1.3 percent in September, following an increase of 1.0 percent in August.

Consumer Confidence

Consumer confidence, as measured by The Conference Board, fell 4.1 index points in October, to 130.1 (1985=100).

MAJOR RELEASES NEXT WEEK

NAPM Report on Business (Monday)
Leading Indicators (Wednesday)
Employment (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1998	1999:1	1999:2	1999:3
Percent growth (annual rate)					
Real GDP (chain-type)	3.0	4.6	3.7	1.9	4.8
GDP chain-type price index	5.2	1.1	2.0	1.3	1.0
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	2.6	3.6	0.6	N.A.
Real compensation per hour:					
Using CPI	0.6	2.5	2.9	1.5	N.A.
Using NFB deflator	1.3	3.7	3.0	3.7	N.A.
Shares of Nominal GDP (percent)					
Business fixed investment	N.A.	12.5	12.6	12.6	12.8
Residential investment	N.A.	4.2	4.4	4.5	4.4
Exports	8.2	11.0	10.7	10.7	10.9
Imports	9.2	12.7	12.9	13.4	13.9
Personal saving	N.A.	2.6	2.2	1.8	1.5
Federal surplus	N.A.	0.5	1.1	1.3	N.A.
	1970- 1993	1998	July 1999	August 1999	September 1999
Unemployment Rate (percent)	6.7**	4.5**	4.3	4.2	4.2
Payroll employment (thousands)					
increase per month			373	103	-8
increase since Jan. 1993					19409
Inflation (percent per period)					
CPI	5.8	1.6	0.3	0.3	0.4
PPI-Finished goods	5.0	0.0	0.2	0.5	1.1

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

New or revised data in **boldface**.

FINANCIAL STATISTICS

	1997	1998	August 1999	September 1999	Oct. 28, 1999
Dow-Jones Industrial Average	7441	8626	10935	10714	10623
Interest Rates (percent per annum)					
3-month T-bill	5.06	4.78	4.72	4.68	4.96
10-year T-bond	6.35	5.26	5.94	5.92	6.12
Mortgage rate, 30-year fixed	7.60	6.94	7.94	7.82	7.96
Prime rate	8.44	8.35	8.06	8.25	8.25

INTERNATIONAL STATISTICS

Exchange Rates	Current level October 28, 1999	Percent Change from	
		Week ago	Year ago
Euro (in U.S. dollars)	1.052	-2.7	N.A.
Yen (per U.S. dollar)	105.1	-0.8	-10.6
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	92.65	0.6	-0.6

International Comparisons ^{1/}	Real GDP growth (percent change last 4 quarters)	Unemployment rate (percent)	CPI inflation (percent change in index last 12 months)
United States	4.1 (Q3)	4.2 (Sep)	2.6 (Sep)
Canada	3.7 (Q2)	7.8 (Aug)	2.1 (Aug)
Japan	1.1 (Q2)	4.7 (Aug)	0.2 (Aug)
France	2.1 (Q2)	11.3 (Aug)	0.5 (Aug)
Germany	0.6 (Q2)	7.1 (Aug) ^{2/}	0.6 (Aug)
Italy	0.8 (Q2)	12.1 (Apr)	1.7 (Aug)
United Kingdom	1.8 (Q3)	6.0 (Jun)	1.1 (Aug)

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

2/ Rate for former West Germany. Using OECD standardized unemployment data, the unemployment rate for unified Germany for August was 9.2 percent.

THE WHITE HOUSE

WASHINGTON

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October 29, 1999

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MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN

11-8-99

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORTS

cc: JOHN PODESTA

Financial Modernization -- CRA: Treasury and I worked non-stop over this past week to both try to prevent counterproductive report language and to strengthen any ambiguous language as much as possible. One of our major victories was the elimination of securities-affiliated wholesale financial institutions ("woofies"), which were not to be subject to CRA. As you know from the letter Reverend Jackson sent to you, there were a couple of issues that Jackson and some of the other community/civil rights groups were fighting to change, especially the provision that disclosure should be "detailed and itemized" as entertainment, travel, and meals which could be interpreted as harassment of community organizations' more than reasonable disclosure. You should know that we have mounted a significant effort to remove this provision from the report language. Both Larry Summers and I have discussed this matter with Phil Gramm as well as led efforts to get Dodd, Schumer, and Leach engaged. Unfortunately, Gramm is not budging, and we can not hold all the Democrats from signing the conference report for much longer. If we do not prevail by Monday we will have to go along with the language as is and work on a Leach-LaFalce colloquy to make sure that the intent of the bill is not to apply onerous reporting tactics on Community Development Groups. While John Taylor's group, National Community Reinvestment Coalition is asking you to veto the bill, they did praise your record on such issues over the last six years and avoided using any harsh language. Others groups like LISC, Rainbow PUSH Coalition, Enterprise and most probably the Leadership Conference on Civil Rights have promised to be supportive or at least neutral. Just as we did this past week in meeting with civil rights leaders, community groups, and the Congressional Black Caucus, Larry Summers and I will continue our outreach to make sure that they remain supportive.

Minimum Wage and Tax Bill: The House has scheduled consideration of the Lazio-Shimkus Republican minimum wage and tax bill, which contains unpaid-for tax cuts of \$30 billion over 5 years and more than \$90 billion over 10 years (according to Congressional estimates). NEC staff and OMB staff have been brokering a joint letter from Secretaries Summers and Herman, along with other senior advisors, opposing the bill and citing a recommendation, that you veto the bill if passed. In a colloquy with Congressman Bonior Thursday (10/28), Congressman Lazio (on behalf of the Republican Leadership) announced that the bill would likely come up in the latter part of this coming week (of 11/1). Also on Friday (10/29), in a colloquy with Democratic Leader Daschle, Majority Leader Lott discussed his efforts to broker a unanimous consent agreement to bring up the bankruptcy bill with three non-relevant amendments per side, one of which would be the minimum wage. Senator Nickles is reported to have formulated a small

THE PRESIDENT HAS SEEN

11-8-99

business tax cut amendment designed to accompany any minimum wage increase. NEC staff is consulting with Leader Daschle's staff and Finance Committee staff about an alternative Democratic small business tax package.

Social Security: Thursday (10/28), Leader Gephardt and 23 other Democrats introduced our Social Security lock box bill. Friday (10/29), Leader Daschle did the same and spoke in favor of the bill. Senator Moynihan introduced it separately, by request, Thursday (10/28), as Ranking Member of the Finance Committee. The Ways and Means Committee has scheduled a hearing on the bill for Thursday (11/4), intending to call CBO and a representative of the Administration. My staff and staff of the Legislative Affairs office are coordinating assistance to Committee Democrats from Treasury, OMB, Social Security, and the NEC.

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Elect
this*

Jeffords-Kennedy Disability Bill: On Thursday, Congressman Hastert appointed Arney, Archer, Bliley, Rangel and Dingell as House conferees. They join Lott, Roth, and Moynihan from the Senate. The bill remains plagued by insufficient and controversial offsets -- the Sallie Mae student loan provision that shifts more risk to the Federal government; and a limit on schools' ability to claim certain types of Medicaid funding (OMB and HHS generally support, but DOE opposes). There are also rumors that Lott will attach his tax extender to this bill. We continue to provide technical assistance and watch this bill closely.

Electricity Restructuring: On Wednesday night, the House Energy and Power Subcommittee completed markup of an electricity restructuring bill. The bill has been reported to the full committee, which we expect will consider the bill early next year. The bill, as reported, lacks many of the critical components of the Administration's proposal, including a consumer protection provision that would enable FERC to promote competitive markets and provisions to protect and enhance the environment. Secretary Richardson is optimistic that the full committee will be more amenable to the Administration's priorities because Chairman Bliley shares many (though not all) of the Administration views regarding electricity restructuring. Secretary Richardson has been in contact with a number of committee members and expects to maintain an ongoing dialogue through this process.

Electricity Restructuring Follow Up: Last week we told you that Chairman Barton's electricity restructuring bill, which was marked up this past Wednesday as indicated above, had four significant shortcomings, including that it contained no market power provisions. You inquired what exactly that meant. The Administration's electricity restructuring proposal included provisions that would limit large utilities' ability to develop significant market power, even granting FERC the authority to require generation divestiture if necessary. Chairman Barton's bill lacked any similar provisions. Without such provisions, there might be no constraint on the ability of a utility to exercise its incumbent market power to charge consumers prices that are above competitive levels.

Seattle WTO: Although there were no significant breakthroughs at the informal Ministerial held in Lausanne October 25-26, Ministers did instruct heads of delegation in Geneva to show greater flexibility and produce a shortened draft declaration by November 2nd. As of now, we expect the Geneva process to conclude around November 5th at which time action would shift to capitals. We expect to submit our formal proposal for a WTO working group on labor in the next few days. We are also working to finalize and plan the domestic release of a set of environmental trade policy initiatives aimed at complementing our WTO agenda, articulating a

broad strategy to level up environmental practices as global integration proceeds, and convincing moderate environmental groups to differentiate the position they take about Seattle from that of their more hard-line counterparts.

Africa/CBI Trade Bill: Cloture on the trade package failed on Friday morning, as Sen. Lott withdrew his earlier commitment to Sen. Daschle that Democrats would be permitted to offer minimum wage on the bankruptcy bill. Later, however, Lott and Daschle worked out another deal providing for three non-germane amendments to be offered by each side to the bankruptcy reform bill, minimum wage and agriculture being two of the Democrats' three. This may clear the way for Lott and Daschle to agree on a process for consideration of some amendments to the trade bill next week, thereby allowing Democrats to ultimately support cloture on the Roth-Moynihan substitute bill as a means of overcoming Sen. Hollings' obstructionism. Details remain to be worked out over the weekend and on Monday. Sen. Daschle is pushing to ensure that the trade bill is finished before bankruptcy is taken up. We are still working with OPL to make sure that constituencies are informed so that they can express their strong support at this critical juncture. Senators Moynihan and Roth scored points on the floor by talking about the importance of the legislation for US leadership at the WTO Ministerial in Seattle. Progress in this regard is important not only symbolically but also because it would strengthen our diplomatic efforts to build support in the developing world for our WTO agenda, including our goals for agriculture.

El Al Airlines: After an intense competition, Israel's El Al Airlines announced on Wed. (Oct. 27) that it will buy three Boeing 777 long-range aircraft instead of the comparable Airbus aircraft, the A340. However, El Al simultaneously announced that it would evaluate over the next two weeks whether to buy three smaller Airbus A330 aircraft for shorter routes, even though El Al had declined to consider information on the comparable Boeing plane, the 767. The USG will be putting a marker down, indicating that--if El Al wants additional aircraft--it needs to hold an open competition, so that Boeing and its 767 can fairly compete. We will prepare talking points for you or Sandy Berger to use in Norway.

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11-8-99

THE WHITE HOUSE

WASHINGTON

October 29, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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1. Health Care – Assisted Suicide. This week, the House voted 271-156 to pass the Pain Relief Promotion Act of 1999, which creates criminal penalties for the use of a controlled substance in a physician-assisted suicide but protects the provision of palliative care. Seventy-one Democrats joined 200 Republicans in support; 20 Republicans joined the Democrats voting against. It is unclear whether the Senate will take up this issue before adjourning; a companion bill would very likely pass. In response to inquiries, we are reiterating your opposition to physician-assisted suicide, pointing to your 1997 federal funding ban. We authorized Justice to express concerns about the bill's federalism implications and enforcement provisions, but have characterized you as sympathetic to the bill's underlying intent and open to its enactment.

2. Teen Pregnancy – Birth Rates. On Monday, HHS released data showing major declines in teen birth and pregnancy rates for the seventh consecutive year. In 1998, there were 51.1 births per 1,000 teens, an 18 percent drop from the 1991 rate of 62.1, and near the 1986 record low of 50.2. For girls 15 to 17, the 30.4 per 1,000 rate is the lowest in four decades. Teen births have fallen in every state and across racial groups. The sharpest declines were among black teens, whose birth rates have fallen 26 percent since 1991 to the lowest since 1960. The teen pregnancy figures, though not as up-to-date, are also at record low levels. In 1996, there were 98.7 pregnancies for every 1,000 teen girls – down 15 percent from the 1991 high of 116.5.

3. Crime – Gun Litigation. On Wednesday, a Georgia state judge denied a motion to dismiss Atlanta's lawsuit against an array of gun manufacturers. Atlanta is one of 28 cities and counties that have filed suit against the manufacturers, alleging, among other claims, negligence in design and distribution. Slow-moving settlement talks are underway between plaintiffs and many of the manufacturers. We have been consulting with Justice, Treasury, HUD and White House Counsel to determine how we could influence these talks and steer them toward strong remedies. As you may know, HUD has been contemplating a suit by several thousand public housing authorities against the industry. The threat of such a suit – coupled with the assurance that we would much prefer negotiations – could secure us a seat at these talks. At the same time, of course, we are attuned to the risk of appearing too eager to litigate. We were also approached this week by the Attorneys General of New York and Connecticut, Eliot Spitzer and Richard Blumenthal, who are active in the settlement talks. Though they did not invite our direct participation they did want to discuss how the federal government – whether through regulation or legislation – could apply more pressure on the manufacturers. We will keep you updated.

11-8-99

4. Crime – Reentry of Offenders. In response to a memo to you from the Attorney General, we are working with the Justice Department to develop an initiative on the reentry of former prisoners into their communities. About 500,000 inmates will leave prison this year – with many returning to urban areas and certain neighborhoods in high concentrations. The reentry initiative would address community safety concerns and help provide support for offenders. The initiative would have two core elements. Through *reentry partnerships*, police and corrections agencies would monitor offenders, and team up with community groups to steer offenders to drug treatment, employment services, housing, and counseling services. *Reentry courts* would adapt the drug court concept of judicial supervision to oversee offenders on conditional release. Offenders would enter into individual accountability plans and face graduated sanctions for failing to meet plan requirements. We are working with Justice to develop this initiative for possible inclusion in the FY 2001 budget.

5. Crime – COPS Update. On Thursday, Rep. Weiner held a press conference with members of Congress and law enforcement leaders to announce his COPS reauthorization bill and to call for full funding of COPS in the budget. The bill, which has 105 co-sponsors, is identical to the Biden legislation introduced last week. Also, the Attorney General next Tuesday will address the annual convention of the International Association of Chiefs of Police (IACP), where she will focus on the success of community policing and on funding for COPS. We will continue to search out venues for our COPS budget message.

6. Crime – Juvenile Justice Conference. The conferees on the Juvenile Justice bill have not yet met, and there are no meetings scheduled. Congressional Democrats are now staging weekly events to pressure Republicans to enact a bill that includes the Senate-passed gun safety provisions. This week the Democrats held a press conference with 100 students associated with a gun violence victims group. On Monday, they plan to meet with grassroots activists who have come to Washington for a national gun violence prevention conference.

7. Tobacco – Public Support for Tobacco Tax. On Thursday, the American Cancer Society, the American Heart Association, and the Campaign for Tobacco Free Kids released a poll of likely voters on options to help balance the budget. Sixty-four percent favored raising the cigarette tax, 13 percent would cut programs and 6 percent would use the Social Security surplus. Even among conservative Republicans, 48 percent preferred the tobacco tax, 31 percent favored program cuts, and 6 percent chose Social Security. Notably, almost twice as many people would vote against a candidate for cutting Medicare, spending the Social Security surplus, or slashing education spending than for supporting a 55 cent cigarette tax increase.

8. Education – Teacher Quality Report. The American Council on Education on Monday issued a 10-point action agenda for college and university presidents to improve the quality of teacher education. Citing the need for 2.5 million teachers in the next decade, and the inadequate academic preparation of many teachers, the action agenda called on the presidents to invest more in their teacher education programs and in educational research.

9. Education – National Education Goals Panel Report. The National Education Goals Panel released a report this week showing that Connecticut's effort to increase educational

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investment in impoverished areas, coupled with state accountability measures and assistance programs, has resulted in noteworthy gains on the NAEP test. As you know, income and parental education are key indicators of performance on this test. Researchers found, however, that such factors alone could not account for the magnitude of Connecticut's gains, and that part of the improvement was attributable to educational policy reforms. For instance, Connecticut now provides detailed information on student performance to school districts, teachers, and parents. Local districts are also linking school improvement plans and teacher evaluations to student reading achievement.



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

October 29, 1999

THE PRESIDENT HAS SEEN
11-3-99

MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

FROM: GEORGE T. FRAMPTON, JR. *DS FOR*
Acting Chair

*Copied
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SUBJECT: CEQ WEEKLY REPORT

BUDGET

Interior Appropriations

In conjunction with OMB, we met with conferees on the Interior bill this week. In these negotiations, we urged the conferees to delete or amend approximately twenty riders and to add \$500 million for the Lands Legacy Initiative, Climate Change Technology Initiative and other priority programs. We believe that conferees hope to reach agreement on a stand-alone Interior bill and we expect to continue negotiations next week.

Mountaintop Removal

For several years, the Administration has worked to reduce the environmental impacts of mountaintop removal, a particularly destructive form of mining. Last week, a District Court judge ruled that the State of West Virginia's permitting process on mountaintop removal is illegal under the Clean Water Act and a federal surface mining law. In response to the court ruling, Governor Underwood ordered the shutdown of certain mining operations. With mining companies laying off large numbers of employees, Senator Byrd and the West Virginia delegation are seeking a legislative rider to overturn the court's ruling and amend the Clean Water Act. Union leaders in West Virginia strongly support this proposed legislation, while environmentalists and others strongly oppose the proposed rider.

Although the Administration generally opposes riders, in this case we agreed to discuss such language but insisted that any legislative fix be short-term. Late Friday, before we could reach any agreement on language, the judge stayed his order pending appellate action. The stay allows us to resume our administrative efforts to resolve this problem and may eliminate the need for legislative language at this time.

Lands Legacy Initiative

This past week, a large group of governors, mayors, and business and conservation leaders placed an advertisement in the *Washington Post* to call on Congress to provide permanent and mandatory funding for land conservation. The list of governors includes:

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THE PRESIDENT HAS SEEN

11-8-99

Gov. Almond (R-RI)
Gov. Barnes (D-GA)
Gov. Carnahan (D-MO)
Gov. Carper (D-DE)
Gov. Cellucci (R-MA)
Gov. Dean (D-VT)

Gov. Glendening (D-MD)
Gov. Hodges (D-SC)
Gov. Kitzhaber (D-OR)
Gov. Pataki (R-NY)
Gov. Racicot (R-MT)
Gov. Rowland (R-CT)

Gov. Ryan (R-IL)
Gov. Shaheen (D-NH)
Gov. Siegelman (D-AL)
Gov. Vislack (D-IA)

The list also includes the mayors of Atlanta, Boise, Boston, Charlestown, SC, Chicago, Denver, Knoxville, Minneapolis, New Orleans, Oakland, Salt Lake City, San Francisco and other cities.

PROTECTING COMMUNITIES FROM TOXICS

Clean Air

On Friday, the full U.S. Court of Appeals for the District of Columbia announced its decision upholding the original Court of Appeal's earlier ruling limiting the EPA's ability to implement new health standards for soot and smog. Given the recent decision, EPA will recommend that the Justice Department seek a review before the Supreme Court to enable the EPA to move forward with the soot and smog standards put in place almost two years ago and deliver improved health protections for millions of Americans.

RESOURCE STEWARDSHIP

Roadless Protection

The Sierra Club launched radio ads in five states this week to "help Americans voice their support for protecting our National Forests." The ads build on your roadless announcement earlier this month, asking listeners to phone a toll-free number and help the Administration "overcome industry opposition and fulfill the promise of this bold plan."

INTERNATIONAL LEADERSHIP

Forest Products Review

On Tuesday, CEQ and USTR will release an environmental review of the Accelerated Tariff Liberalization (ATL) measure in forest products. This proposed agreement has been dubbed the "Global Free Logging Agreement" and has become the "poster child" for environmental opposition to the WTO Ministerial meeting in Seattle. Environmentalists have claimed the agreement will lead to worldwide increases in logging of 3-4%. Our review will document that the ATL will have no real environmental impacts in (and marginal economic benefits for) the U.S., but may lead to a slight increase in worldwide timber harvest. Environmentalists have credited the White House for undertaking the environmental review, but are likely to continue to criticize the Administration for pushing the ATL.

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THE WHITE HOUSE
WASHINGTON

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11-8-99

October 29, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

Mickey

SUBJECT: Office of Intergovernmental Affairs Weekly Report – October 25 - 29, 1999

GOVERNORS

Governor Huckabee (R- AR): IGA and DPC drafted a letter from you to Governor Huckabee regarding the ARKids Medicaid waiver issue for delivery today. The Governor will give the Republican response to your Saturday radio address; he is expected to highlight the ARKids First program and criticize HCFA.

Governor Hunt (D-NC): IGA is coordinating daily contact between the White House and Governor Hunt's office to assist with our federal response to Hurricane Floyd. IGA and Cabinet Affairs are working with the agencies to determine the nature and extent of available federal aid and whether legislation is needed to authorize more extensive assistance. This week, Governor Hunt met with James Lee Witt and accompanied a group of state legislators to Washington to meet with the North Carolina congressional delegation regarding recovery efforts. The Governor continues to say that he is pleased and grateful for the speedy and comprehensive federal response to the disaster. The Governor is still planning to call a special legislative session to address the crisis, but he has not yet set a date.

Governor Whitman (R-NJ): On October 26, IGA and Maria Echaveste hosted a meeting with Governor Whitman to discuss the impact of Tropical Storm Floyd on New Jersey. The Governor began by thanking federal officials, and particularly FEMA and SBA, for their "excellent" cooperation. In a recent press release, the Governor said that both agencies had "responded with professionalism and caring."

Governor Tom Vilsack (D-IA): Governor Vilsack called you prior to your discussions with President Prodi on October 28 to advocate for more open markets to benefit Iowa farmers. At the request of IGA, Gene Sperling returned the call.

STATE LEGISLATORS

On October 25, Matt Bennett of IGA discussed federalism issues with a group of 75 state legislators at the annual meeting of the Southern Legislative Conference in West Virginia. The legislators expressed satisfaction with your latest Executive Order on Federalism and the extensive consultations with the Big Seven organizations of elected officials.



THE PRESIDENT HAS SEEN

11-8-99

✓ CHICAGO

At Mayor Daley's request, on October 27, IGA and Maria Echaveste chaired a meeting attended by Mayor Daley's Chief of Staff, the DC Director for Chicago, and HUD officials to discuss the perceived lack of HUD support for the Mayor's plan to over haul Chicago's public housing.

BRIEFINGS

San Luis Obispo County: On October 26, IGA hosted a briefing for Congresswoman Lois Capps (D-CA) and a bipartisan delegation of elected officials, and business, academic and civic leaders from San Luis Obispo County. John Podesta, Maria Echaveste, and Gene Sperling discussed the Administration's domestic agenda.

Irving, Texas: On October 26, IGA and Legislative Affairs hosted a briefing at the request of Congressman Eddie Bernice Johnson for residents of Irving, Texas. The group discussed transportation issues affecting Dallas, Irving, and Fort Worth. The group also met with appropriate transportation representatives.

INSULAR AREAS

Vieques Target Range: Representative Steve Buyer (IN) and other House Republicans, including the Chairmen of the Armed Services, Appropriations, and Judiciary Committees, Floyd Spence (SC), Henry Hyde (IL), and Bill Young (FL), proposed a resolution calling for protesters of the bombing to be removed from the Naval range at Vieques and for the Navy to resume bombing. Advocates of the resolution moved for House approval early next week, but Armed Services Ranking Democrat, Ike Skelton (MO), and other Democratic leaders quickly opposed that proposal. The advocates dropped their plan for early approval.

A spokesperson for Texas Governor George W. Bush (R) said that the Governor hopes "the Navy will respect the wishes" of Puerto Ricans and work with them for a "prompt, orderly" exit from Vieques. New York City Mayor Rudy Guiliani (R) called for a quick end to the bombing at Vieques.

Puerto Rico Governor Pedro Rossello (D) designated his Chief of Staff to represent the Islands in discussions about Vieques, and Secretary Cohen designated Under Secretary Rudy de Leon as his representative. The first formal meeting is set for Monday, November 1.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
11-8-99

99 OCT 29 PM 7:52

October 29, 1999

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Summary of Cabinet Weekly Reports
October 23 - 29, 1999

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DEPARTMENT OF TREASURY

- **Financial Modernization:** On October 22, after intense negotiations between the Administration and Congress, agreement was reached on Community Reinvestment Act (CRA) provisions in the financial modernization legislation. The bill enacts a number of notable reforms, including: 1) enabling banks to affiliate with securities and insurance underwriters; 2) permitting banks to conduct securities underwriting activities in either a subsidiary of the bank or in a bank holding company affiliate; 3) considering a bank's CRA rating when it seeks to expand beyond traditional banking activities; and 4) requiring financial institutions to disclose privacy policies to customers and offer a chance to prevent the sharing of information related to their financial transactions. The full House and Senate are likely to vote on the bill as early as November 2. Although it is expected to pass with strong bipartisan support, Representatives Markey and Dingell oppose the bill because they consider the consumer privacy and community reinvestment provisions too weak.
- **China:** On October 22-25, Secretary Summers led an inter-agency delegation to China for the 12th session of the U.S.-China Joint Economic Committee. The highlight of the trip was a lengthy meeting with Premier Zhu Rongji, which focused on global economic developments, China's macroeconomic policies and structural reforms, and China's accession to the WTO. Secretary Summers also met with Vice Premier for Finance/Agriculture Wen Jiabao, who is likely to play an important role in the next generation of China's leadership.
- **G-8 Justice Ministerial Conference:** From October 18-21, Treasury joined the U.S. delegation, led by Attorney General Reno, to the G-8 Justice Ministerial Conference in Moscow. Attorney General Reno provided the Russian delegation with Treasury's comments regarding draft Russian money laundering legislation. She also pressed the

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Russians to adhere to the 40 recommendations of the Financial Action Task Force, an international organization aimed at improving countries' anti-money laundering regimes. In opening remarks to the Ministerial Conference, Russian Prime Minister Putin indicated that Russia was committed to the passage of an anti-money laundering law.

- **Middle East:** On October 28 to November 4, Deputy Secretary Eizenstat will travel to Israel, the West Bank, Jordan, and Algeria to meet with government and private sector officials. In Israel, he will urge fiscal discipline as the Government's budget negotiations with the Knesset intensify. He will also meet with Citigroup CEO Sanford Weill, who will be opening Citigroup's first branch in Israel. Deputy Secretary Eizenstat will express support for Chairman Arafat's recent pledge to work with the IMF to develop an economic framework focusing on fiscal transparency. In Jordan, he will reinforce recent positive steps on several fronts, including privatization, WTO accession, and the arrival of a Treasury debt advisor. In Algeria, he will encourage regional trade integration and liberalization to help Algeria reduce its dependence on hydrocarbon exports.

DEPARTMENT OF JUSTICE

- **Violence Against Women Act II:** Senators Hatch and Biden have agreed on a new Violence Against Women Act bill (VAWA II), which reauthorizes VAWA programs and makes certain substantive changes to VAWA. Their bill may be considered by the Senate Judiciary Committee before Congress adjourns. In addition, on November 2-3, DOJ will host the biannual meeting of the National Advisory Council on Violence Against Women.
- **Columbus, OH Police Misconduct:** On October 21, the U.S. filed suit against the city of Columbus, OH, alleging that its police officers are engaging in a pattern or practice of unconstitutional or unlawful conduct. This is DOJ's third police misconduct "pattern or practice" lawsuit. The first two suits were resolved through consent decrees. In this case, DOJ and Columbus have reached agreement on a consent decree, but have not been able to seek court approval because the proposed decree is inconsistent with the labor agreement between the city and the Fraternal Order of Police (FOP). The U.S. is seeking to stay the proceedings for three months to allow collective bargaining negotiations between the city and the FOP.
- **Wastewater Dumping Conviction:** A federal jury in Tulsa, OK, convicted KS-based Allied Environmental Services, and its president of conspiracy and fraud in connection with the dumping of more than 300,000 gallons of wastewater contaminated with petroleum into underground wells. The jury also convicted the owner of the trucking company that transported the wastewater.

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- **WV Coal Mining Practice:** On October 20, a federal district court in WV granted a motion for summary judgment against the state of WV, finding that by removing the tops of mountains for coal mining and putting them on top of rivers in the valleys below, WV had violated the Surface Mining Cleanup and Reclamation Act.
- **Firearms Violence Reduction Plan:** On November 16, the U.S. Attorney for the Southern District of CA and the Bureau of Alcohol, Tobacco and Firearms will co-sponsor a Police Executive Research Forum on "Guns First." The conference will provide training to federal, state, and local law enforcement personnel on how to combat illegal firearms trafficking.
- **Juvenile Justice Publication:** In early November, the Office of Juvenile Justice and Delinquency Prevention is scheduled to publish *Families and Schools Together: Building Relationships*. The bulletin profiles the Families and Schools Together program, which brings at-risk children and their families together in multifamily groups to strengthen families and increase the likelihood that children will succeed at home, at school, and in the community.

DEPARTMENT OF INTERIOR

- **CO River Interstate Banking/Transfer Rule:** DOI will publish in early November a final rule that will allow, for the first time in history, the marketing of CO River water between states. More specifically, the rule will authorize AZ to transfer some of its CO River water supplies to NV and/or CA. AZ has the capability to store CO River water in underground aquifers, thus giving it the flexibility to provide much-needed water to NV.
- **CA Condors Release:** Nine CA Condors are scheduled for release during the fall near the Hurricane Cliffs of the AZ Strip. On October 29, the birds are expected to be moved to the cliffs from the Peregrine Fund's World Center for Birds of Prey and the San Diego Wild Animal Park. Eight of the birds were hatched in 1999 and one in 1995.
- **Atlantic Salmon:** A coalition of ten environmental groups led by Defenders of Wildlife has agreed to a stay of proceedings in its federal lawsuit to force listing Atlantic salmon as an endangered species. Representatives from FWS will meet with the plaintiffs to discuss a schedule for issuing the proposal to list the Atlantic salmon as endangered and to discuss the emergency listing issue. The plaintiffs will still expect FWS to tell them when the proposal will be issued.
- **Environmental Review of Air Force Base Transfer Near FL Parks:** On December 3, the USAF is scheduled to release the Supplemental Environmental Impact Statement on disposal of portions of Homestead AFB. The document, two years in the making, analyzes alternatives for transfer of the former base property, which is less than two miles

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from Biscayne NP and about 10 miles from Everglades NP. NPS has expressed concern about potential impacts to water quality, air quality, biological commercial airport. After the document is released, there will be a public comment period for at least 60 days, and possibly 90 days.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Agricultural Exports:** As reported during the week of October 18, there was a large increase in U.S. exports during the month of August. With August exports up 7 percent from the same month last year, the FY99 sales rose to \$45.1 billion. If September is equally strong, FY99 exports will reach \$48.8 billion, just \$200 million shy of the \$49 billion forecast in February. Especially noteworthy in August, soybeans, corn, red meats, fresh fruits/vegetables and juices, and wheat sales were all strong.
- **Childhood Obesity:** In early January 2000, Quaker Oats, Co., a USDA partner in promoting the Children's Pyramid and combating childhood obesity, will begin placing the Food Guide Pyramid for Young Children on the side panel of 3.5 million Life Cereal boxes. The promotion will last six weeks and may be repeated throughout the year. An upcoming issue of *Sesame Street Parents* magazine will also feature the Food Guide Pyramid for Young Children.
- **Disaster Nutrition Assistance:** In response to Hurricane Floyd, USDA's Food and Nutrition Service distributed nearly \$44.5 million in benefits to 161,635 households affected by the disaster in NC, SC, and VA. The Disaster Food Assistance Program has ended in all the States.
- **Emergency Watershed Protection Program:** Under the Emergency Watershed Protection Program, the Natural Resources Conservation Service provides financial and technical assistance to help repair damage to rivers, streams, reservoirs, and other waterways (much of this work will be removing log jams and other debris), restore the integrity of flood control structures, and reseed damaged areas.
- **CA Fires:** The Forest Service does not expect to have the large fires burning in CA contained until November, when rains are expected. The Big Bar fire, in the Shasta-Trinity National Forest, has burned over 120,900 acres since August and is nearly 60 percent contained. More than \$57 million has been spent on suppressing the fire. The Kirk Complex fire, in the Los Padres National Forest (CA), has blackened 85,544 acres and is approximately 93 percent contained with over \$67 million expended. Both fires started from lightning and efforts to suppress them are complicated by inaccessibility, steep terrain, and smoke inversions.

- **EU and Genetically Modified Organisms (GMOs) Labeling:** On October 20, EU Governments voted on rules to define which foods must be labeled as containing genetically modified (GM) ingredients. The EU wants to exempt foods from labeling requirements where none of the individual ingredients are more than 1 percent GM material. This proposal would not allow anyone to label foods as "GM-free."
- **Egg Storage Rule:** On October 22, AMS published an interim final rule revising its grading regulations. This rule specifies that USDA consumer graded shell eggs must be stored by processors at temperatures no greater than 45° F (7.3° C), and that containers showing the grade shield must be labeled to indicate that refrigeration is required. The regulatory changes, effective October 25, allow the grading program to require that processors properly refrigerate and label eggs officially identified as USDA Consumer Grade AA, A, or B.
- **Commodity Markets:** A slight pickup in exports and worrisome dry conditions in winter wheat areas provided a small lift to wheat prices. Cash corn prices were boosted by slow farmer selling and relatively strong exports, but futures were unaffected. Heavy producer selling and improved planting conditions in Brazil sent soybeans down sharply. Rice cash prices held steady, but futures were pressured lower by the almost-complete harvest and record supplies. Cotton cash prices were boosted by Step 2-induced purchases, but accelerating new-crop cotton sales and foreign developments combined to push futures prices down. Cattle prices dropped; seasonal pressure from poultry and ham is expected to curtail the sharp rise in demand for beef. Hog prices moved up slightly, as some producers neglected marketing hogs to harvest field crops. Increased broiler production sent prices slightly lower. Cheese prices broke their slide last week, but demand remains weaker than usual for this time of year. Butter prices continued to fall in the face of heavy cream supplies.

DEPARTMENT OF COMMERCE

- **Census 2000 Advertising Campaign Launch:** On October 27, Secretary Daley and Census Director Kenneth Prewitt held a press briefing to kick-off the Census 2000 Advertising Campaign, in Washington, DC. This effort -- the first-ever paid advertising campaign to promote participation in a decennial census -- targets the total population with ads developed in 17 languages in addition to English, and is designed to reach audiences with historically high undercounts. The campaign will begin in November and run through July 2000.
- **Saudi Arabian Business Delegation Visit:** A delegation of leading Saudi businessmen met with Secretary Daley October 22 to seek support for Saudi Arabia's accession to the WTO by the end of this year. Secretary Daley briefed the delegation on his successful

visit to Saudi Arabia and reiterated Administration support for Saudi WTO accession on terms that bring its trade regime into conformity with WTO provisions.

DEPARTMENT OF LABOR

- **Northern ME Logging:** On October 18, thirty-five protesters continued their year-long demonstration against the use of Canadian H-2 loggers at a private border crossing in Northern ME, where about 50 loggers from Quebec cross each morning. The protestors, who are demanding the termination of the H-2 workers Temporary Labor Certification Program because they believe the program has taken away jobs from Americans in the northern ME woods, were peacefully escorted off of the private property by state police. Since their October 1998 border protest, the grievances have resulted in regular meetings involving state and federal labor officials, landowners, logging contractors and loggers. The year-long dialogue has also included a DOL study that will be released next month.
- **Unemployment Numbers:** On November 5, Secretary Herman will announce the October unemployment numbers and talk with national and regional media regarding unemployment.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Treatment of Homeless Mothers with Substance Abuse, Mental Health Disorders:** The week of November 1, SAMHSA will announce its Homeless Families Program. The program is providing more than \$4.4 million in grants to 15 community facilities for treatment of homeless mothers who care for dependent children and have substance abuse or mental health disorders. These new grants, are part of a five-year knowledge development initiative. In addition to addressing substance abuse and mental health disorders among homeless mothers, the *Homeless Families Program* will document and evaluate the effectiveness of intensive intervention strategies to address the need for housing placement and support for keeping families together.
- **America's 100 Most Important Women:** The November issue of the *Ladies Home Journal* lists America's 100 Most Important Women. Secretary Shalala and FDA Commissioner Jane Henney were among the 100.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Housing Grants:** Grants are being prepared for release over the next several weeks, pursuant to the following HUD programs: Section 202 (supportive housing for the elderly) and Section 811 (supportive housing for persons with disabilities); Community Development Technical Assistance program; and the Fair Housing Initiative.

- **Nashville Faith-Based Conference:** The Center has scheduled a regional Faith-Based Conference in Nashville, TN, to be held on December 8-9. Eight subsequent regional conferences designed to provide partnership opportunities with grassroots, community and faith-based organizations interested in working with HUD programs, will be held from January to July 2000. The eight remaining conferences will be held in Chicago, St. Louis, Houston, Denver, Seattle, Sacramento, Boston and the mid-Atlantic region.
- **HUD-FEMA Interagency Hazard Mitigation Team:** A HUD Special Actions Office Community Builder Disaster Specialist is partnering with FEMA to assist local public officials and community residents with various flooding issues in Blooming Grove and Washingtonville, NY. Residents in these areas have suffered repeated flooding damage over the past few years and are aggressively searching for solutions. FEMA has invited HUD and several other federal agencies to provide technical assistance to areas surrounding Moodna, Satterly, and Perry Creeks. This has been extended to other related areas in Orange, Rockland, and Westchester Counties which were significantly impacted by Hurricane Floyd.
- **Hurricane Floyd in NC:** HUD has requested and received updated and finalized field reports in the areas of public, subsidized, and multifamily housing. In Princeville, the Public Housing Community Recovery Plan shows that all of the public and subsidized housing was destroyed, but they are still waiting for the FEMA assessment. The Section 8 new housing constructions were also destroyed, but appear to have been insured and will be rebuilt. Community Builder Cecil Brown of Greensboro, NC has been providing intensive support in the recovery process. Community Builder Marshall Isler of Greensboro, NC has partnered with the State of NC to develop a Housing Counseling Initiative specifically related to the disaster efforts. Eighteen Certified Housing Counselors will be assigned to the 21 most affected counties in NC.

DEPARTMENT OF TRANSPORTATION

- **Motor Carrier Safety Enforcement:** On October 21, Secretary Slater issued a statement indicating that new legislation has restored full motor carrier safety enforcement authorities to DOT. Signed into law October 19, the new legislation allows DOT to resume the assessment of civil penalties for violations of motor carrier safety regulations. It also allows the Office of Motor Carrier Safety personnel to resume working with the Office of the U.S. Attorney, the DOT Inspector General's Office, and the FBI on motor carrier enforcement matters.
- **Payne Stewart Air Crash:** On October 25, a Learjet 35, operated by Sunjet Aviation, crashed in a swampy area near Mina, SD. The FAA and NTSB are conducting an onsite investigation of the accident.

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your request, including: \$300 million less in funds to serve disadvantaged youth with extra help in learning basic skills; another \$300 million less in after-school funds to provide students with a safe haven for learning after the school doors close; \$30 million cut from programs to help young children learn to read; and about \$13 million less in work-study assistance depended on by many students heading to college. The 1.4 percent cut, standing alone, would result in a denial of key education services to more than 168,000 disadvantaged students in high-poverty areas.

C. Burson

Many Schools Not Ready for Y2K: At an October 27 press conference, Acting Deputy Secretary Mike Smith announced that DOEd surveys had found that more than one-third of the nation's elementary and secondary school districts and postsecondary institutions say they are not yet Y2K-ready. The percentage of school districts saying they won't be Y2K compliant by January 1 has doubled -- from two to four percent -- since this summer. Only 64 percent of school districts and 61 percent of postsecondary institutions said all their mission critical systems are Y2K compliant. The figures indicate significant progress compared to surveys this summer, when only 28 percent of the school districts and 30 percent of the postsecondary institutions said all their mission critical systems were renovated and tested. DOEd will continue to highlight the Y2K issue throughout the education community, as well as to offer Y2K information and technical assistance.

- **Women's Athletics:** According to the *New York Times*, an October 25 NCAA report projects that women's collegiate athletics will achieve parity with men's by 2005. The report found that about 40 percent of all students on intercollegiate teams in Division I are women (up from 37 percent two years ago), and about 41 percent of scholarship dollars go to women. Despite such gains, NCAA officials said the movement toward equality was occurring too slowly. They pointed out that, in every division except I-AAA, men's athletics receive higher salaries and a higher percentage of recruiting funds.

DEPARTMENT OF VETERANS AFFAIRS

- **Gulf War Report:** DOD released a RAND Corporation literature review report on the possible role of pyridostigmine bromide in health effects experienced by Gulf War veterans. The RAND report was authored by a physician with staff privileges at the San Diego VA Medical Center. The report calls for new areas of research focusing on pyridostigmine bromide, a nerve agent protection drug used during the Gulf War. The RAND report frames scientific knowledge to date, but it does not provide any new research data on the effects of the use of pyridostigmine bromide during the Gulf War.
- **Atomic Weapons Testing Study:** A recent Institute of Medicine (IOM) study focused on the causes of death of veterans who participated in atomic weapons testing conducted during the 1950s. The report found that on average, the participant group who may have been exposed to nuclear fallout lived as long as those who did not participate in the

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nuclear testing. Although the report found a higher risk of death from leukemia among those veterans belonging to the participant group, the researchers warned that the number of veterans participating in the study was too small to make the leukemia finding definitive.

- **NJ Hurricane Floyd:** In response to the flooding in NJ, VA opened a temporary shelter on September 23 for approximately 250 persons displaced from their homes. The shelter was set up in a vacant office building on the ground of VA's Somerville Asset Management Service facility.

ENVIRONMENTAL PROTECTION AGENCY

- **Final Rule on PBT Thresholds:** This week, EPA will promulgate a ruling lowering reporting thresholds for a number of persistent and bioaccumulative toxic (PBT) chemicals reported in the Toxics Release Inventory. The rule will also add reporting requirements for certain other chemicals with PBT properties. This action will provide greater information to the public on releases of toxic chemicals such as mercury and dioxin. PBTs do not break down in the environment and build up in higher concentrations in animals and humans, and thus pose serious risks when present in the environment. This action will meet the Vice President's 1998 Earth Day charge to EPA to improve the American public's right-to-know about the toxic chemicals in our nation's environment.
- **Final Stormwater Phase 2 Rule:** This week, EPA will promulgate a final rule under the Clean Water Act for the control of stormwater discharges from municipal separate storm sewer systems in urbanized areas that serve fewer than 100,000 people and for construction sites of one to five acres. Stormwater discharges are a major source of impairment in streams, lakes and estuaries. The rule features minimum control measures and best management practice approaches. The court-ordered deadline for promulgation is October 29. The final package is currently under review at OMB.
- **Preliminary 1999 Smog Data:** Preliminary data from this summer's smog season show that many areas of the country, and particularly the Northeast, experienced some of the highest smog levels in recent years. As of September 30, there were twice as many exceedances of EPA's health standard for smog in selected cities in the Northeast compared to 1998. Southern CA had one of its best summers on record, although its 28 exceedances of health standards are still among the highest for any one city in the country. For the first time, only the City of Houston, with 30 exceedances, surpassed Southern CA as the American city with the dirtiest air.

UNITED NATIONS

- **Sierra Leone:** On October 22, the Security Council unanimously adopted Res. 1270 to deploy up to 6,000 UN troops to Sierra Leone (UNAMSIL) and to increase the number of authorized military observers from 210 to 260. The UN forces will assist the government in implementing a disarmament, demobilization and reintegration (DDR) program. UNAMSIL will be the largest UN peacekeeping mission in Africa and the second largest worldwide (only UNTAET in East Timor with 8980 UN troops will be larger). UNAMSIL's projected costs for the first eight months are \$225.1 million (US share: \$56.2 million).
- **East Timor:** On October 25, the Council voted unanimously to establish the UN Transitional Administration in East Timor (UNTAET) and the SYG announced UN Under Secretary General for Humanitarian Affairs Sergio Vieira de Mello to be Transitional Administrator. De Mello is expected to assume his duties by November 7.

UNITED STATES TRADE REPRESENTATIVE

- **Free Trade Area of the Americas (FTAA) Ministerial:** From November 3-4, Ambassador Barshefsky will participate in the Fifth FTAA Ministerial meeting in Toronto, Canada. This Ministerial meeting marks the half-way point between your launch of the FTAA in 1994, and is the first Ministerial meeting since you and the 33 other Leaders initiated formal negotiations at the April 1998 Santiago Summit of the Americas. Nine Negotiating Groups have met over the last year to prepare the initial outlines of the FTAA Agreement. At the Ministerial, USTR expects the Ministers at Toronto to announce that FTAA negotiators have made sufficient progress to begin drafting the text of the FTAA Agreement. The Ministers also will discuss the results of the work of the Government Committee on Civil Society. At the Ministerial, all FTAA countries have urged the Committee to continue its work. The Ministerial meeting will be preceded by the Americas Civil Society Forum and the Americas Business Forum, both of which Ambassador Barshefsky will attend. Lastly, the Ministers will review ways to increase the benefits of electronic commerce in the hemisphere.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Meeting with Students:** On November 1, Director McCaffrey will travel to Baltimore, MD at the invitation of Representative Cummings to meet with 40 Baltimore-area high school students. They will discuss the National Drug Control Strategy and the National Youth Anti-Drug Media Campaign and its efforts to reach African-American youth.

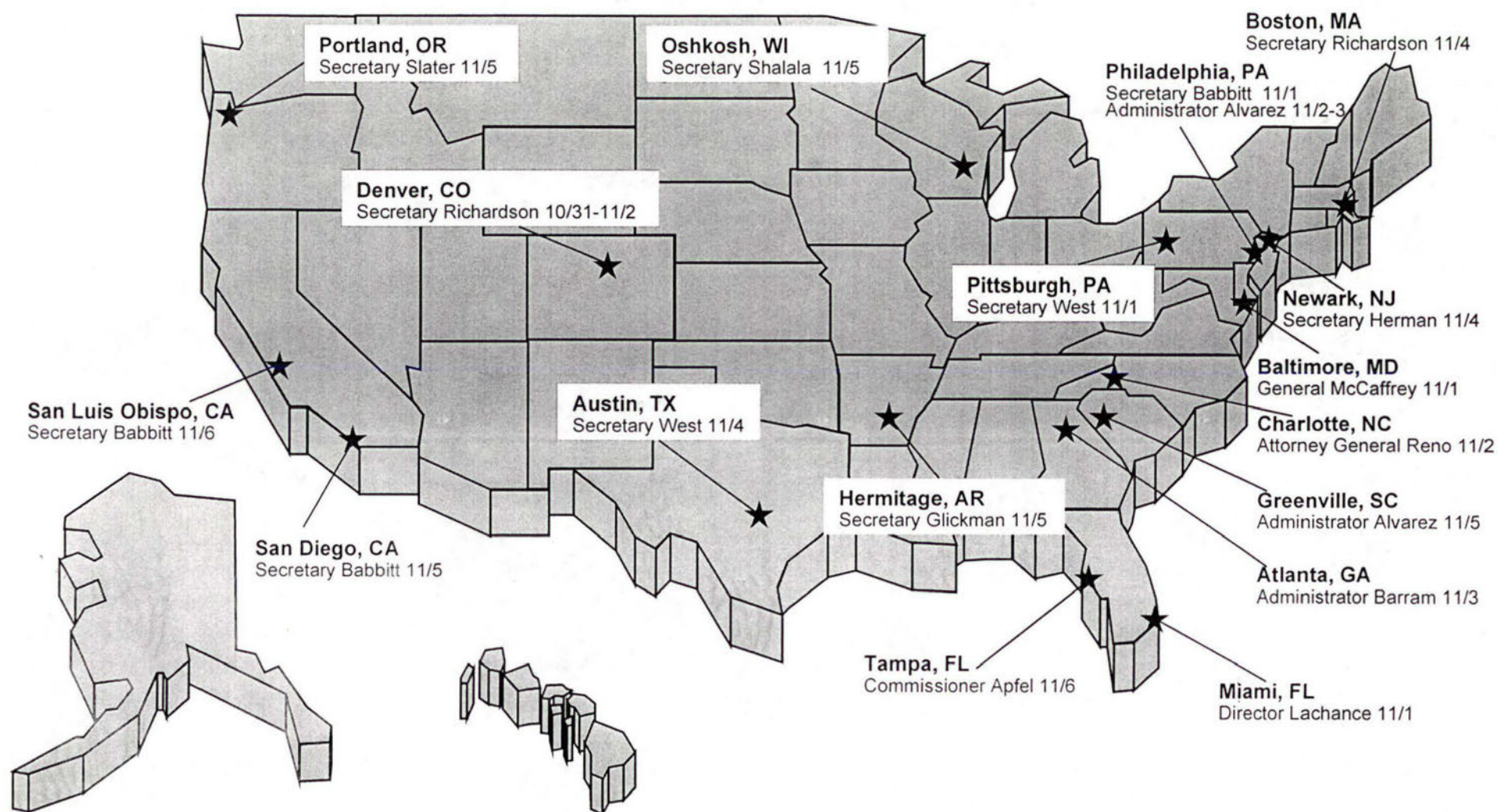
- **Western Hemisphere Drug Policy Leadership Conference:** From November 3-5, ONDCP, in cooperation with the Organization of American States and the Department of State, will host the Western Hemisphere Drug Policy Leadership Conference. Approximately 200 high-level drug officials and their staffs will attend the conference in Washington, DC. On November 4, Director McCaffrey's keynote address will focus on the importance of international cooperation in addressing the threats of drug trafficking and drug abuse.

SOCIAL SECURITY ADMINISTRATION

- **Agency Notices to Supplemental Security Income (SSI) Recipients Are Ruled Constitutionally Defective:** The District Court in Brooklyn, NY has found that Agency notices to SSI recipients about their financial eligibility for benefits are constitutionally defective because the notices do not contain the calculations on which the financial eligibility determinations are based. According to the court, this lack of calculation data deprives the recipients of the opportunity to determine whether SSA has made an error. The court has ordered the Agency to modify the notices in a time frame agreed on by the plaintiffs and SSA.

Cabinet Travel

Monday, November 1 - Sunday, November 7, 1999



Norway
Secretary Albright 11/1-2

Virgin Islands
Secretary Babbitt 11/2-3

Germany, Bulgaria
Secretary Daley 10/28-11/2

Netherlands
Secretary Riley 11/1-5

France
Chairman Bailly 11/3-5

Canada
Ambassador Barshefsky 11/3-4

cc:

The Vice President

John Podesta

Martin Baily

Sandy Berger

Sidney Blumenthal

Charles Burson

Mary Beth Cahill

Maria Echaveste

George Frampton

Mickey Ibarra

Ben Johnson

Joel Johnson

Janis Kearney

Neal Lane

Jack Lew

Ann Lewis

Joe Lockhart

Buddy MacKay

Sean Maloney

Minyon Moore

Bruce Reed

Steve Ricchetti

Doug Sosnik

Gene Sperling

Larry Stein

Loretta Ucelli

Melanne Verveer

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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM

October 29, 1999

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TO: THE PRESIDENT

FROM: LORETTA UCELLI
TOM JANENDA

RE: Communications Weekly Report

Overview:

We continue to work with other offices on the ongoing budget debate. In addition, we are coordinating upcoming events, including your Sunday departure statement on class size and your second New Markets Tour next week. We also continue to coordinate communications planning for the up coming Seattle WTO with Karen Tramontano and her working group.

Budget:

The ongoing budget process remains the central focus of our communications work. We are coordinating with NEC, DPC, OMB to provide updated talking points as needed. And we are working with OPL, Leg Affairs, IGA and others to insure that these materials are distributed as widely as possible. In addition, we worked to circulate the latest CBO letter (10/28) which confirms once again that despite all of the budget gimmicks the majority has employed, they are still dipping into the Social Security surplus by just over \$17 billion.

Education/Class Size:

In a Sunday departure statement, you will highlight the findings of a new report from the Council of Great City Schools. This report includes data from 40 cities and highlights the proven benefits of reducing class sizes in our nation's public schools. The report and departure statement provide an opportunity to highlight one of your central budget messages: the Congressional majority's budget fails to invest adequately in strengthening education, including your proposal to hire 100,000 qualified teachers to reduce class sizes. We are working with the Press Office and other offices to ensure local coverage in each of the cities mentioned in the report.

New Markets:

We have been working with NEC, Maria Echaveste, scheduling and other offices throughout the White House to plan communications for your 2nd New Markets Tour next week. The overall message of the Tour is that there are meaningful, lasting efforts that can be sustained through effective public-private partnerships -- independent of New Markets legislation -- to create

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access to capital in economically distressed areas. We are working on all of your site visits, but concentrating our efforts on the first event of each day.

On Thursday, you will travel to Newark New Jersey and Hartford Connecticut – and be joined by Congressional, community and corporate leaders. In Newark, you will highlight new commitments by Ford, Bell Atlantic and Hillside Auto Mall to work through the Newark's New Community Corporation to provide at-risk youth job training in automotive careers.

On Friday, you will travel to Hermitage Arkansas and Chicago. In Arkansas, you will highlight how private sector commitments in rural areas can spur job creation and economic growth. Specifically, Burger King – through cooperation with USDA's Rural Business-Cooperative Service – has made commitments to purchase tomatoes from the Hermitage Tomato Cooperative Association. In addition, Burger King is about to commit to purchasing pickles from another cooperative nearby.

WTO:

We continue to work with Karen Tramontano to plan communications efforts surrounding the upcoming Seattle WTO. Specifically, we are working with Commerce and others to coordinate the upcoming "Trade Education Day" events on November 10th. Your event that day will be echoed by more than 20 other events sponsored by major CEOs speaking with employees.

Building on the positive momentum created by your October 13th DLC speech laying out the US agenda for Seattle, the big development this week was endorsement of that agenda by the members of ACTPN – including AFL-CIO President John Sweeney. The ACTPN letter echoes your goals for the new Round, stating: "[T]he US negotiating agenda is bold and appropriately comprehensive. We believe that if achieved, it will result in better jobs, higher living standards and increased economic opportunities for all Americans."

Leading Through Executive Action:

Per John Podesta's request, Communications has compiled an accomplishments document noting all of the ways in which you and the Vice President have brought about positive change for the American people through Executive action this past year. While Congress has proven unable to make progress on numerous issues, this record demonstrates your commitment and ability to get things done for the American people -- with or without their assistance. And the American people can count on the fact that you will continue to do so through future actions.

Let him see

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11-8-99

October 29, 1999

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

99 OCT 29 PM 3:11

FROM: MARY BETH CAHILL
DIRECTOR, OFFICE OF PUBLIC LIAISON

SUBJECT: WEEKLY REPORT (October 22 to October 29)

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Entire Report:
Cahill
Podesta
Pg 3
M. Penn
Podesta

I. ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES:

NEW MARKETS INITIATIVE

OPL Encourages Participation in New Markets. OPL has been reaching out to members of the corporate community to encourage their involvement in next week's New Markets Tour. Enthusiasm has been high from corporate executives, who are pleased with your continued support of this initiative. Representatives from AT&T, Aetna, Citigroup, Prudential, Bell Atlantic, and several others have already pledged to participate.

WTO MINISTERIAL MEETING

Outreach Meetings begin on the WTO Ministerial Meeting. In preparation for December's Ministerial meeting, OPL began hosting a series of briefings outlining your main objectives for the Ministerial. In separate meetings this week, business and agriculture leaders were briefed by White House and Agency senior staff on specific policy objectives for the meeting. The response of the agriculture leaders was generally positive, although they remain concerned about how the overall outcome of the WTO Ministerial Meeting will affect agriculture in the United States.

HATE CRIMES

Community Leaders Lend Voice to Call for Hate Crimes Prevention Act. OPL worked with the Hate Crimes Coalition to provide speakers for their Wednesday press conference. Drawing on contacts made at the Religious Leaders Breakfast, we contacted Rabbi Brad Bloom, leader of the Sacramento synagogue that was firebombed last June, and Alan Stepakoff, the father of the youngest shooting victim from the North Valley Jewish Community Center. Along with Senators Kennedy, Specter, Schumer, Leahy, Daschle, and Wyden and Representatives Gephardt and Conyers, the two spoke eloquently about the urgent need to include the Hate Crimes Prevention Act in the CJS bill from which it had been stripped.

II. CONSTITUENT OUTREACH AND OTHER ISSUES:

AFRICAN AMERICAN OUTREACH

African American Religious and Constituency Leaders Actively Support Africa Trade and CBI bills. Following OPL's Monday Africa Trade & CBI Briefing, community leaders organized a press conference, Hill visits, and phone calls to deliver their message. Republicans were energized by these actions, but Democrats remain split in their support of the legislation. Presiding Bishop Vinton Anderson, NAACP Director, Washington Bureau, and others are confident they can mobilize support for the bill through their church and community network until the next vote, scheduled for today.

DISABILITY OUTREACH

OPL Hosts "Disability Mentoring Day" for Disability Employment Awareness Month. On Wednesday, OPL coordinated the participation of over 30 high school, college, and graduate students with disabilities, as well as older non-students with disabilities, to provide information and experience regarding careers in the Federal government. After a briefing in the Indian Treaty Room, participants paired up with appointees and staff from WHO, OPM, DOD, DOL, DOED, DOT, and DOJ, followed by an OPM reception in honor of the OPM plan to hire people with disabilities. Several corporations across the country also participated. OPL plans to coordinate a more expansive, nationwide effort next year.

JEWISH OUTREACH

Lott Commits to Wye Funding, Promises Action on RLPA. Senator Lott told AIPAC activists this week he was ready to support Wye funding. In a letter to you circulated on the Hill, most of the members of the Conference of Presidents of Major Jewish Organizations urge the passage of Wye funding. Lott has also told a group from the Orthodox Union that action would be taken on the Religious Liberties Protection Act (RLPA) before the end of this year's session.

RELIGIOUS OUTREACH

New Leadership at National Council of Churches. NCC will celebrate its 50th anniversary in Cleveland next week (there will be a letter of congratulations from you). It is expected that former Democratic Congressman Bob Edgar (PA) will be announced as their new General Secretary. He is said to be a problem solver and good administrator – both skills will be needed as they are facing "massive" staff cutbacks due to serious financial problems. Edgar, an ordained Methodist minister, served in the House for six terms before losing a bid for the US Senate in 1986. He is presently President of the School of Theology at Claremont (CA).

THE PRESIDENT HAS SEEN

11-8-99

WOMEN'S OUTREACH

OPL Hosts "Women Waging Peace" Briefing. Last Friday, the Women's Office hosted a briefing featuring remarks by the First Lady, Rep. Lynn Woolsey, Evelyn Lieberman from the State Dept., and myself. Approximately 100 guests attended the briefing, representing non-profit organizations, city and state governments, universities, and Federal agencies. The briefing highlighted the initiative's mission to prevent conflict, stop war, reconstruct ravaged societies, and ensure sustained peace in fragile areas, and served as a kick-off to the 1999 conference. The initiative is part of the Kennedy School of Government Women's Studies program and is organized by former Ambassador to Austria, Swanee Hunt. The ongoing program involves 100 international women peacemakers from 10 conflict areas; 16 delegates from across the globe were in attendance.

YOUTH OUTREACH

2030 Center Rallies Hundreds of Youth Leaders and Activists to Support Stronger Social Security Legislation. The students, who came from across the country, spent three days meeting with Congressional leaders to share the results of a 2030 Center poll, which was released this fall. Among the most significant findings: 81% young Americans support Social Security and 59% want Congress to commit the resources needed to strengthen Social Security.

CeMP

*Copied
M. Penn
Podesta*

THE WHITE HOUSE
WASHINGTON

'99 OCT 29 PM 5:19

OCTOBER 29, 1999

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: KATHLEEN AHN FOR BEN JOHNSON

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

THE PRESIDENT HAS S
11-8-99

Copied
Entire Report

Ahn
Johnson
Podesta

Pg 1
Read
Jennings
Podesta

ACTIONS

Civil Rights Commission Cites Failure in Enforcement of Health Care Civil Rights

Laws: The US. Commission on Civil Rights released a report sharply critical of the federal government's continuing failure to enforce civil rights laws regarding health care for minorities and women. The main focus of the report was the alleged inadequate efforts of the Department of Health and Human Services (HHS) and particularly its Office of Civil Rights to enforce civil rights laws in the health care arena. I talked to Mary Berry before the report was released and got her to agree not to do a press conference on it. She complained that she has talked to Secretary Shalala about the matter but nothing has resulted from their conversations.

Shaw/CT
Cork with
advice
R

Seventh Day Adventist: Ben kicked off a four day leadership summit, "Racial Harmony in the New Millennium: Making It Happen," with greetings and a message from you to the 300 top leaders of the Seventh Day Adventist Church from across North America. This summit was coordinated as a direct response to your call for Americans, including the faith community, to engage in a dialogue to improve race relations. The summit sought not only to discuss the issues, but also, to formulate solutions that individuals can implement in their congregations to bring about positive change in race relations.

The Seventh Day Adventist Church has a worldwide membership of 10.5 million in 205 countries, with about 1 million members in North America. The Church also runs 15 Colleges and Universities in the U.S. as well as several hospitals in the DC area.

Montgomery College: Ben gave the keynote address at the campus and community dialogue with a focus on the College's role in achieving the goal of "One America in the 21st Century: Forging A New Future." The dialogue sought to identify strategic direction and institutional priorities to meet the educational needs of the diverse learning community as we enter the next century. This forum was organized as part of the second annual "Campus Days of Dialogue" co-sponsored by our office and Sec. Riley.

Miami Dade Community Relations Board: Ben was the keynote speaker at the 36th Anniversary of the Miami-Dade Community Relations Board with this year's theme, "Taking Diversity into New Millennium." The One America message was well received by the diverse group that included elected officials, as well as community, faith and business leaders from a variety of constituencies. The county has no majority race, and thus made for an interesting audience. Ben noted that it appears that these types of forums are springing up all over the country.

Congressional Conversations on Race: We attended the Faith & Politics Institute's Congressional Conversations on Race dinner and dialogue concerning crime and criminal justice. The dinner featured a panel discussion with Rev. Dr. Michael Eric Dyson, Professor of Religious Studies at DePaul University and Dr. Richard Douglas of Prison Fellowship Ministries. The Congressional Conversations on Race, co-chaired by U.S. Rep. John Lewis and U.S. Rep. Amo Houghton, encourages members of Congress to provide moral leadership on racial issues.

In addition to panel discussions like the one we attended, members of Congress have facilitated race dialogues in their own districts. The Faith & Politics Institute is currently working on bringing the chiefs of staff of Members together to discuss racial issues.

CABINET RACE INITIATIVE WEEKLY

Department of Commerce

Minority Business Outreach Activities: DOC's Minority Business Development Agency (MBDA) has proposed to the South African Development Bank a direct electronic link between MBDA's Phoenix-Opportunity contracting system and a similarly planned system in South Africa. MBDA has also met with representatives from Senator Hollings' office and the South Carolina Manufacturing Extension Partnership (funded by DOC's National Institute of Standards and Technology) to discuss supporting minority suppliers in South Carolina.

Department of Energy

Racial Profiling Task Force: Representatives of the DOE Task Force Against Racial Profiling visited DOE's Argonne National Laboratory on October 25 and Brookhaven National Laboratory on October 26, to discuss issues and concerns regarding racial and ethnic profiling with DOE and Laboratory employees.

General Services Administration

GSA Continues Work on Race Initiative: On Oct. 26, Dep. COS Dodds kicked off two more GSA discussions on race in the New York regional office. GSA has held well over a dozen discussion on race and has many more planned. The discussions consist of about 12 employees who meet for four two-hour sessions for a structured, facilitated discussion on race. The discussions are usually very lively, interesting, stimulating and

powerful. The response and reaction of employees has been extremely positive. In November, GSA will begin additional discussions in San Francisco and DC.

Department of Health and Human Services

Sudden Infant Death Syndrome (SIDS) in African American Populations: On October 26, as part of SIDS Awareness Month, Secretary Shalala and Mrs. Gore announced the start of a new component of the "Back to Sleep" campaign that will focus on reducing the incidence of SIDS among African Americans. The goal of the new initiative is to develop and implement a community-based approach to eliminate the disparity in SIDS rates in the African American community compared to other communities. The campaign will be carried out by a newly created partnership with NIH, the National Black Child Development Institute, the Health Resources and Services Administration, the American Academy of Pediatrics (AAP), the SIDS Alliance and the Association of SIDS and Infant Mortality Programs.

Office of Personnel Management

Hispanic Association of Colleges and Universities (HACU) Convention: On November 1, Director Lachance will address the Partnership Lunch at the 1999 HACU National Convention in Miami, FL with Army Secretary Caldera. The Director will discuss OPM's nine-point plan to increase the representation of Hispanic Americans in the Federal Workforce, which includes OPM's commitment to place Job Information touch-screen computers in 20% of all Hispanic Serving Institutions by the end of this year; and a proposed new contract to extend the OPM's HACU internship program for an additional five years.

Social Security Administration

International Hispanic Media Conference: On November 4-6, SSA's Seattle Regional Commissioner, will participate in the VII International Hispanic Media Conference in Chicago, IL. The National Association of Hispanic Owned Newspapers is sponsoring the conference. Commissioner Keller will address approximately 60 Hispanic media owners and editors on Social Security issues.

Louisville Defender Newspaper's Minority Consumer Expo: On November 13, SSA's Deputy Commissioner for Human Resources will discuss the Social Security Statement and the impact of Social Security on African Americans, at the *Louisville Defender* Newspaper's Minority Consumer Expo. The Minority Consumer Expo has become one of the nation's foremost selected forums for government agencies to gain direct access to the African American citizenry of Kentucky and Southern Indiana. The 1999 Expo will attract the interest of more than 40,000 consumers, business, education, political and community leaders.

THE WHITE HOUSE
WASHINGTON

99 OCT 29 PM 2:51

October 29, 1999

THE PRESIDENT HAS SEEN

11-8-99

MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER *Lynn Cutler*

CC: MARIA ECHAVESTE

SUBJECT: INDIAN COUNTRY

*Copied
Cutler
Podesta
Echaveste*

Philanthropy in Indian Country

- It is becoming clear that more philanthropy is being directed to Indian Country. I hope that the follow-up to the conference last week will include some focus on the needs there.
- I wanted you to know that the Microsoft Corporation and Shaquille O'Neal have jointly funded a state-of-the-art technology center at Lac Courte Oreilles reservation in Wisconsin. The funding is being done through the Boys and Girls Clubs--there are fifteen of these centers being underwritten, with this one in Indian Country.

Crime in Indian Country

- Further analysis of the Department of Justice statistics from a report earlier this year are making their way into the media. The Associated Press reported this week that an annual average of 124 out of every 1,000 Indians age twelve or older were victims of violent crime. By comparison, the rate for whites was 49 per 1,000; and it was 61 for African Americans and 29 for Asian Americans. This demonstrates that we are doing the right thing in establishing the Indian Law Enforcement Initiative, and fighting for its continued funding.

Indian Country 2001

- Mary Smith, from the Domestic Policy Council, and I have begun meeting with representatives from the agencies to work on their 2001 budget requests for Indian Country. We are also asking them to find state-controlled programs that can be accessed by tribal governments. Our hope then is that we can ask the agencies to work with the states to make sure programmatic dollars are getting to the tribes.

11-8-99

MEMORANDUM FOR THE PRESIDENT
PAGE TWO

I also met with the Chiefs of Staff this week to ask for their help and cooperation on this initiative.

Hayworth Legislation

- Congressman J.D. Hayworth, Republican from Arizona, introduced a bill that would have undone the California Gaming Compact. He claimed that the provisions of the compact that required the tribes to allow unions access to their employees were a violation of sovereignty. This assertion is, of course, wrong. On Monday, October 25, 1999, I met with the Board of Directors of the National Indian Gaming Association and asked them not to support the bill. Congressman George Miller led the fight against the bill. Most of the gaming tribes would not have supported the legislation, having recognized that it is being offered to create a wedge issue. Karen Tramontano made sure that our friends in labor were aware of it and joined in fighting Hayworth's effort. On Tuesday, October 26, 1999, I learned that Congressman Don Young, Republican from Alaska, cancelled a November 2, 1999 hearing on the bill.

CHIP

- As you have been informed by now, the access problem for Native Americans to the CHIP program has been fixed. Now, we must push the states to reach out and enroll Native American children in the program.



East Arkansas

- We are continuing to work on several ideas for the trip in December. I asked the Chiefs of Staff this week to help us to cut through the red tape so that we can come up with specific programs and ideas for your trip.



11-8-99

To Burkhardt for reply?

Yes ☒ No ☐

9/27/99

DEAR PRESIDENT BILL CLINTON, MY PRESIDENT,
MY FRIEND,

99 NOV 8 PM 7:20

JOHN BARRY, AUTHOR OF "RISING TIDE," OTHERS
SUCH AS ARCHITECT FRANK O GEHRY,
INSTITUTIONS TULANE, XAVIER AND OTHER
UNIVERSITIES, AND MY WIFE JEANNE AND I
ARE WORKING ON A PROJECT STIMULATED BY
YOUR "AMERICAN HERITAGE RIVERS INITIATIVE."
THE PROJECT, "THE NATIONAL MUSEUM OF
THE MISSISSIPPI RIVER" WILL COST \$100 MILLION +
SCOTT COWEN, PRESIDENT OF TULANE U. IS
OUR QUARTERBACK. WE WOULD LIKE
FRANK GEHRY TO BE THE ARCHITECT. WE
HAVE SEVERAL ALTERNATE SITES ON
THE RIVER. THIS WILL BE A NATIONAL MUSEUM
AND EDUCATIONAL AND RESEARCH CENTER TO
PROMOTE AND PRESENT THE CULTURE AND
SCIENCE AND CONSERVATION OF RIVERS.

THIS PROJECT WILL BE A PERMANENT REMINDER
OF YOUR INTEREST AND EFFORT IN OUR
REGION AND MISSISSIPPI RIVER BASIN.

WE WOULD HAVE THE U.S. ARMY CORPS OF
ENGINEERS, AND SPECIFICALLY, THE WATERWAYS
EXPERIMENT STATION AT VICKSBURG TO BE
A FULL PARTICIPANT IN THIS EFFORT AND
THEREBY CREATE A TRULY NATIONAL PROJECT.
COULD YOU PLEASE ENCOURAGE
GENERAL BALLARD AND THE CORPS TO JOIN
AND SUPPORT THIS UNDERTAKING. WE HAVE
NOT OFFICIALLY APPROACHED THE CORPS.

I HAVE LOOKED YEARS FOR A PROJECT THAT
YOU AND I COULD DO TOGETHER
FOR OUR COUNTRY, AND YOUR LEGACY.

I HOPE THAT THIS IS THE ONE.

BOB TANNER



Franklin & Eleanor
ROOSEVELT
INSTITUTE

Irene Roosevelt Aitken
Joe Louis Barrow, Jr.
Anne K. Bingham
June Bingham Birge
Don S. Boyd
John Brademas
Daniel B. Brewster, Jr.
Douglas Brinkley
Charles F. Brower IV
Ruscoe C. Brown, Jr.
Lawrence H. Butler
Chao-Chi Chu
F. Forester Church
Sandra W. Cuneo
Margaret Truman Daniel
Evan A. Davis
William J. Dean
Noel deGondola, Jr.
Elinor Kenner Faraquhar
Toni Fay
Justin N. Feldman
Eileen Finletter
Frederick P. Furth
John Kenneth Gulbraith
Richard N. Gardner
John J. Gartland, Jr.
Robert F. Gatte
David Ginsburg
Doris Kearns Goodwin
Theodore L. Gross
George Morris Gurley
Dona Cooper Hamilton
Kitty Carlisle Hart
Carla D. Hayden
Scott Hirsch
John H. Hobbs
Janet Howard
Nancy Roosevelt Ireland
Barbara Lums Jackson
Marc Draper Jannay
Philip W. Johnston
Harry Kahn
James Kahn
Henry L. Kamelman
George L. Knox
Peter Kovler
Cynthia C. Lazarus
Orin Lehman
Carol R. Lubin
Jay Mazur
William J. McDonough
Donald F. McHenry
Cynthia Ann McKinney
George J. Mitchell
Zachary P. Mortenson
Henry Morgenthau III
Daniel Patrick Moynihan
Pennis I. Murray
Richard Ravitch
Donald H. Rivkin
James Roosevelt, Jr.
Laura D. Roosevelt
Michael A. Rothenberg
Paul S. Sabanes
Stephen C. Schlesinger
Levonne Shetrack
Florence P. Shientag
Robert M. Shrum
Kathleen M. Sloane
Stephen Somas
Ted Von Drake
Kathrine von den Heuvel
Giovette C. Ward
Susan Ware
Jack H. Watson, Jr.
Frank A. Weil
Directors

John F. Sears
Executive Director

through see
711 Fifth Avenue, Suite 900
New York, New York 10022
Phone 212-339-2579 • Fax 212-832-1175

November 2, 1999

The Honorable William J. Clinton
President of the United States
and Mrs. Hillary Rodham Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President and Hillary:

Kathy Sloane's creativity and enthusiasm have been an important part of our work. The suggestion of this letter, which I believe she has discussed with you, would be a wonderful bridge to the new century and millennium.

There is a strong possibility that Franklin Delano Roosevelt will be chosen as Person of the Century by those who divine such auguries. If this were to come to pass by year's end, we would like to suggest the possibility of acknowledging this honor to FDR at a special dinner at the White House where a program could be organized involving representatives of "the greatest generation" – as Tom Brokaw described the men and women who rebuilt America and created the social and economic infrastructure of the nation in which we now live. It also would be an appropriate time to remind our countrymen of the terrible sacrifices of that era in both the Great Depression and in World War II that educated and encouraged America to assume a leadership responsibility for a better world. FDR's birthday is on January 30th. That date was always celebrated by a birthday party in the White House – in those days the celebrations highlighted the March of Dimes, raising the funds that ultimately defeated polio. This letter is intended to propose the idea of an event honoring FDR. The time and nature of the event are obviously left to your decision and busy schedules.

New York State is uniquely proud of its last son to be the President of the United States. FDR made New York the centerpiece in the struggle for social justice, an agenda that both of you carry forward with nobility and purpose. The celebration of FDR as Person of the Century would serve to remind our countrymen of the values, so strongly supported by Eleanor Roosevelt, which are his great legacy.

11-8-99
Scheduling
To ~~Burkhardt~~ for reply?
Yes ☒ No ☐
B.

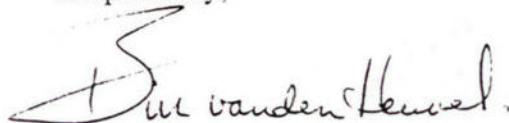
through see
wetter
Kerfounded
Timely
William F. von den Heuvel
President
Arthur Schlesinger, Jr.
Executive Committee
Robert L. Post
Frances S. Goodwin
Louis Harris
Edmond A. Lamontagne
Anne Roosevelt
Mrs. Franklin D. Roosevelt, Jr.
Vice Presidents
Nicholas L. Ludington
Secretary
Rivolutin B. Winant
Treasurer

99 NOV 8 PM 7:20

The Honorable William J. Clinton
and Mrs. Hillary Rodham Clinton
November 2, 1999
Page Two

Anne Roosevelt, Arthur Schlesinger, Janet Howard, and all of our Trustees join in hoping that you will favor this suggestion. We look forward to your response and will, of course, happily participate in any way necessary to facilitate the arrangements.

Respectfully,

A handwritten signature in dark ink, appearing to read "W. J. vanden Heuvel". The signature is fluid and cursive, with a large initial "W" and "J".

William J. vanden Heuvel
President

WJvH/jr



711 Fifth Avenue, Suite 900 ■ New York, New York 10022



The Honorable William J. Clinton,
President of the United States
and Mrs. Hillary Rodham Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

ATTENTION: NANCY HERNREICH

20500-0003



WHITE RIVER RURAL HEALTH CENTER, INC.
A BAPTIST HEALTH AFFILIATE



A Joint Commission Accredited Organization

CORPORATE OFFICE

623 N. 9th Street
P.O. Box 497
Augusta, Arkansas 72006
Phone: (870) 347-2534

CLINICS LOCATED:

Augusta Medical & Dental Clinic
623 N. 9th Street
P.O. Box 217
Augusta, Arkansas 72006
Phone: (870) 347-2508

Bald Knob Medical Clinic
2802 Hwy. 167 North
P.O. Box 456
Bald Knob, Arkansas 72010
Phone: (501) 724-6207

Carlisle Medical Clinic
214 North Court
P.O. Box 24
Carlisle, AR 72021
Phone: (870) 552-7303

Cotton Plant Medical Clinic
111 Main Street
P.O. Box 219
Cotton Plant, Arkansas 72036
Phone: (870) 459-3588

Des Arc Health Center
405 Hwy. 11 North
P.O. Box 530
Des Arc, Arkansas 72040
Phone: (870) 256-4178

Hazen Medical Clinic
100 E. Front St.
P.O. Box 731
Hazen, Arkansas 72064
Phone: (870) 255-3696

McCrary Health Center
601 Edmonds Street
P.O. Box 807
McCrary, Arkansas 72101
Phone: (870) 731-5411

Parkin Medical Clinic
1740 Church Street
P.O. Box 1080
Parkin, Arkansas 72373
Phone: (870) 755-2234

Swifton Medical Clinic
300 East Main Street
P.O. Box 553
Swifton, AR 72471
Phone: (870) 485-2234

White River Medical Services Clinic
606 Wilbur D. Mills N.
Kensett, Arkansas 72082
Phone: (501) 742-5697

November 5, 1999

The Honorable Bill Clinton
President of the United States of America
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Clinton:

I am writing you to express my strong support for including the text of H.R. 2241/5.1277, the Safety Net Preservation Act, into any Balanced Budget Refinement Legislation that moves through Congress.

As you know, this Center and eight (8) other Centers in Arkansas operate thirty-nine (39) Community Health Center clinic sites. Most of these are located in the Delta of Arkansas. The families living below the Federal Poverty Rate, elderly, uninsured, Medicare and Medicaid are dependent on Community Health Centers for primary care.

White River Rural Health Center and its twelve centers will have over 60,000 encounters this year.

I believe the Prospective Payment System included in the Safety Net Preservation Act protects the integrity of our Federal Grant funds for the uninsured and will continue to ensure access to care for residents of medically underserved areas. It is a permanent long-term solution to strengthen and maintain the safety net. As the House and Senate move forward to discuss revisions to the Balanced Budget Act, we ask that you work to ensure that the prospective payment system for health centers is included in any Balanced Budget Act refinement legislation.

Handwritten: 3006
2/28/99 8 PM 12:17

11-8-99

Handwritten: Send to Burkhardt?
Yes ✓
No



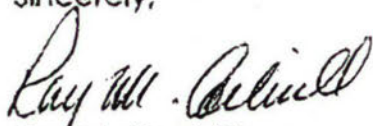
Member
Community Health Centers
of Arkansas

THIS CENTER IS IN COMPLIANCE WITH TITLE VI OF CIVIL RIGHTS ACT AND DOES NOT DISCRIMINATE ON THE BASIS OF RACE, AGE, SEX, COLOR, OR NATIONAL ORIGIN.

Page 2
President Clinton letter

Thank you again for your continued support of Community Health Centers.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ray M. Cockrill".

Ray M. Cockrill
Executive Director
RMC/cw

THE WHITE HOUSE
WASHINGTON

Date 11/8/99

To: *BETH ROBERTS*

From: The Staff Secretary

PLEASE ADVISE

JEAN



1515 BROADWAY NEW YORK NY 10036-5797 TELEPHONE (212) 258-7880

*John -
Save the Music
Must do a
soon if Council
shes*

November 5, 1999

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20502

Dear President Clinton,

Thank you again for offering to write a letter of support to potential donors to VH1 Save the Music. I have enclosed two drafts for your review. The first is a generic request for support, but the second is much more exciting and ambitious.

As you'll see, the second draft could do a lot to promote your New Markets initiative. I wrote it after talking with our mutual friend (and VH1 Save the Music board member) Ray Chambers following your visit to Newark yesterday. This letter reaches out to the New Market leaders (wealthy entrepreneurs and CEOs) and asks them to join an elite group that would be part of a President's Council on Music Education. This would require a minimum donation of \$100,000. to VH1 Save the Music and would get them an invitation to a yearly meeting that you would attend where we would review the success of the program.

Not only would this strategy help us raise the bar on the financial support we are seeking for VH1 Save the Music, it would also bring the work we are doing at our foundation under the umbrella of your New Markets initiative. You could use VH1 as an example of a profitable corporation not just giving back, but investing its time and resources in impoverished cities. I think it's a win/win partnership.

Please take a look at the enclosed letters. Either way, I appreciate your incredible support.

Best regards,

A handwritten signature in black ink, appearing to be 'John Sykes', written over the words 'Best regards,'.

Thank you!

JS/hah
Attachments

cc: Ray Chambers
Gene Sperling

DRAFT #2**REQUEST TO JOIN THE PRESIDENT'S COUNCIL ON MUSIC EDUCATION**

Dear _____,

I want to bring your attention to a program Hillary and I have embraced that is having a profound effect on school children across the country. The VH1 Save the Music Foundation is a non-profit organization created by the cable channel VH1 to restore music education programs in our public schools. I'm asking for your help.

Music education is a necessity, not a luxury. It not only sparks confidence and creativity in our children, but also builds brain power. School kids who receive music instruction go on to score higher on Math and English tests.

I can speak to this first hand. I still remember my music teachers, Carol Powell and Virgil Sperling, and the important lessons I learned from the power of music. I don't think I would be President if it hadn't been for school music programs.

Hillary and I believe that VH1 Save the Music is one of the greatest examples of a private corporation using its resources for public good. We have both given our time and support...I even donated one of my personal saxophones to a public school here in Washington DC. Just two weeks ago, we hosted a concert here at the White House featuring some of the biggest names in music who gathered to help raise awareness for music education.

I would be most grateful if you would join me and an elite group of new market leaders in this country who recognize the significant value of music education by joining the President's Council on Music Education. My friend John Sykes, the President of VH1, will be in contact with you shortly to let you know how you can be a part of this important Council, as well as other ways you can get involved with VH1 Save the Music.

Thank you in advance for your support.

Sincerely,