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WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

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

January 14, 2000

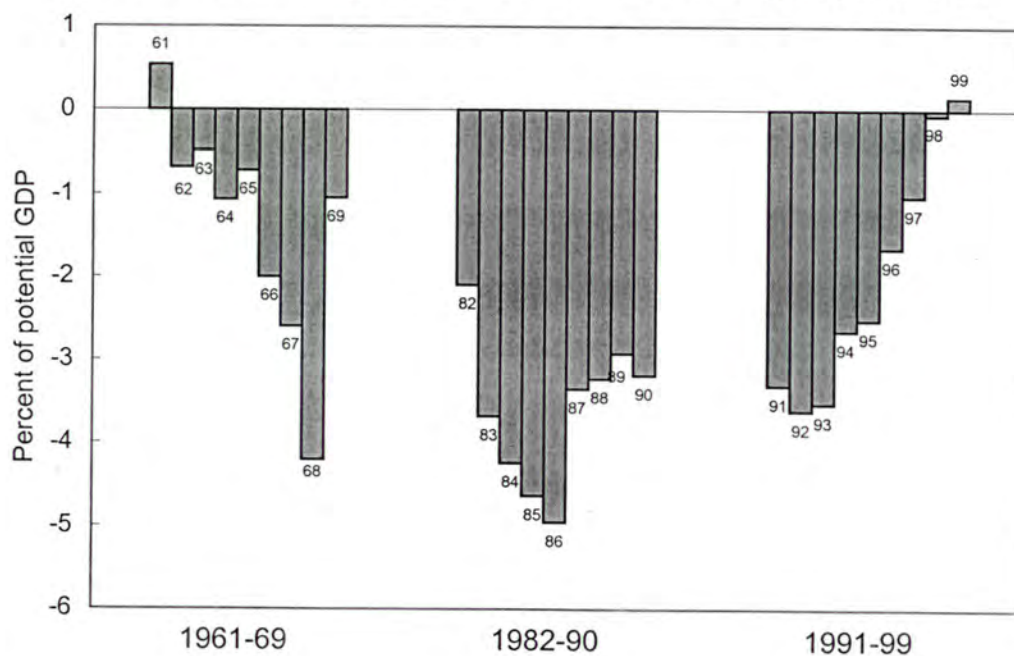
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Baily
Padesta

(Cover +
page one only)

CHART OF THE WEEK

The Structural Budget Balance in Three Long Expansions



The structural budget balance has moved steadily from deficit to surplus over the last 7 years of this expansion. In the 1961-69 expansion, by contrast, the structural deficit grew larger until the 1968 tax increase; and the structural deficit was large throughout the 1982-90 expansion. (The structural deficit reflects adjustments to the deficit to remove cyclical and temporary factors; it measures what the deficit would be at full employment.) A Special Analysis in this Briefing discusses other indicators of fiscal restraint in this expansion.

THE WHITE HOUSE

WASHINGTON

January 15, 2000

THE PRESIDENT HAS SEEN

01-17-00

MEMORANDUM FOR THE PRESIDENT

FROM: LISEL LOY *ll*

SUBJECT: Recent Information Items

Copied

*Brain
Podesta*

(and TabB)

I am forwarding the following information items:

- (A) **McCaffrey note re: article in Parade Magazine** – forwards a copy of this weekend's forthcoming profile on your Administration's efforts to reduce drug use, underscores the importance of ONDCP's media campaign, and thanks you for your leadership.
- (B) **Congressional correspondence (via Chuck Brain)** – forwards letters from (1) Sen. Domenici (R-NM), thanking you for your get well note; and (2) Rep. Miller (D-CA), thanking you for your pardon of Freddie Meeks.
- (C) **Millennium interviews (via Joe Lockhart)** – in response to your request, Joe forwards videotapes of your millennium interviews from last month.

Joe



Personal

OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

January 11, 2000
THE PRESIDENT HAS SEEN
01-17-00

00 JAN 11 PM 4:28

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

I wanted you to know that this coming weekend's *Parade* magazine is profiling our efforts to reduce drug use and its consequences in America. It has been very gratifying over the past four years to see the increasing public attention paid to drug policy. This article exemplifies our raised profile.

Reducing drug use requires fundamental changes in attitudes among millions of Americans. Our media campaign and other high-visibility initiatives are profoundly influencing citizens. The good news we have seen in recent national surveys of drug use suggests that our steady, consistent policy is on the mark.

All of us at ONDCP appreciate your leadership and continued support.

V/12

Barry R. McCaffrey
Director

2000

Daily

AD



**We Can Keep Our Kids
Drug Free For Life**

An interview with Gen. Barry McCaffrey by Lyric Wallwork Winik

He Has

BY LYRIC WALLWORK WINIK

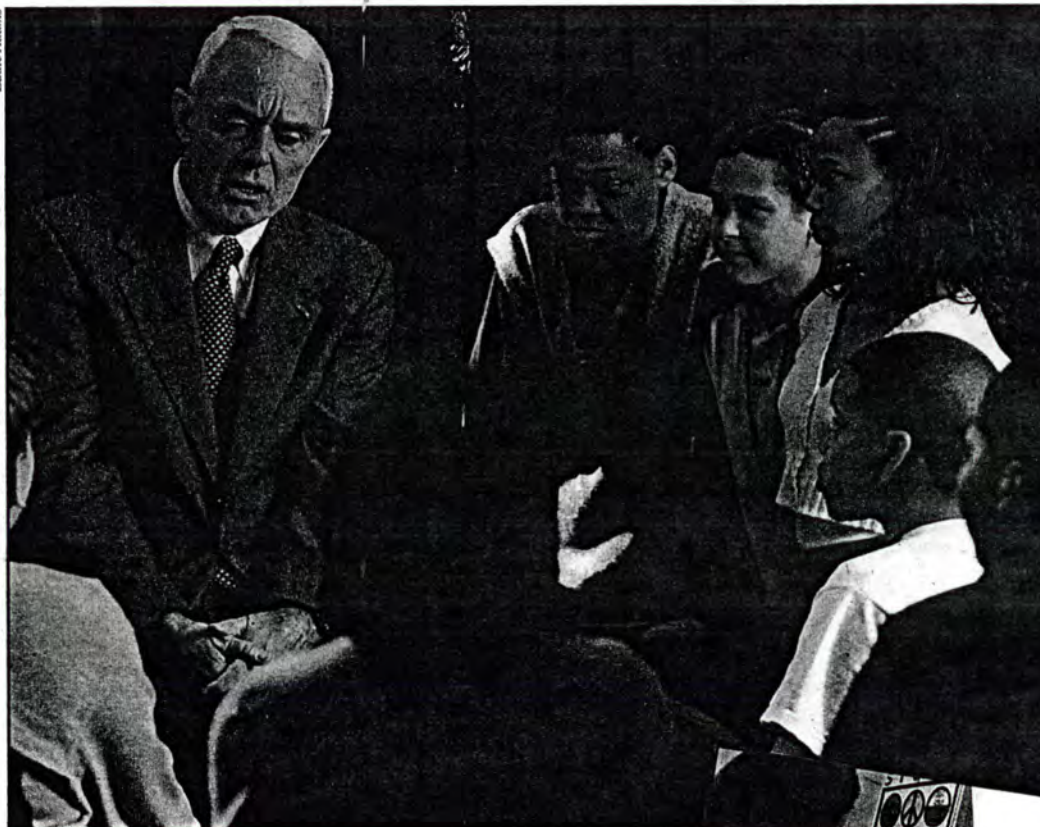
A Better Way

THE FIRST THING YOU SHOULD know about Barry McCaffrey is that he didn't want his current job. Yes, director of the Office of National Drug Control Policy (ONDCP) is a Cabinet-level appointment made by the President. But McCaffrey wasn't particularly interested, his friends and associates told him not to take the job, and reports said the ONDCP was "a mess." McCaffrey had all but decided to say "no." But then, as McCaffrey tells it, "My dad asked me, 'Do you think you can make a difference?' I answered, 'Yes, of course.' And he told me to take the job."

Thus, in 1996, Gen. Barry McCaffrey went from being our youngest and most-decorated four-star Army general to being the nation's drug czar. And this is the most important thing to know about Barry McCaffrey: He is a soldier. It makes him an unusual drug czar.

McCaffrey, 57, and I met in Washington, D.C., and traveled across the Southwest to the Mexican border. He is a man whose reputation precedes him. Like other soldiers of his generation, McCaffrey carries his own private map of Vietnam. You can see it in the deep scar tunneling

down Barry McCaffrey, the nation's drug czar, is a much-decorated soldier—but he doesn't think we need a "war" on drugs...



Gen. Barry McCaffrey talks with young people from Washington, D.C., area schools. McCaffrey sees drug abuse as a chronic disease that must be held at bay through prevention, treatment and education. And he urges parents to stay involved in their kids' lives (photo, right).

along his forearm and in the stiff way he holds his left hand. Soon after graduating from West Point in 1964, he volunteered for Vietnam. He served two tours of ground-combat duty. "I didn't think I'd live through it," he says of the second one. That is an understatement. In McCaffrey's first tour, his unit had a 100% casualty rate: Every soldier was wounded or killed. When McCaffrey ordered his men to "get up and move," he knew one of them would likely lose his life.

McCaffrey himself was wounded three times, once almost losing his left arm. He received three Purple Hearts, two Distinguished

Service Crosses and two Silver Stars for extraordinary heroism and valor. Of that third and worst wounding, he wrote, "I would have gladly died



Ten Ways To Drug-Proof Your Child

1. Set a family standard on drug and alcohol use: Tell your

4. Help your children establish realistic personal goals in

hobbies, and watch for them.

an Intensive Care Unit nurse and National Guard captain; daughter Amy is a teacher; and son, Sean, is a U.S. Army infantry major in Europe. "Our kids are some of our closest friends," he says.

When McCaffrey retired from the military to become the drug czar (salary \$151,800), he was no stranger to the drug problem. He vividly remembers the 1970s, when almost a third of the U.S. military used drugs. "I found people dead on the floor of heroin overdoses and passed out in pools of their own vomit outside the mess hall," he says without flinching. "Illegal drug use brought the U.S. military to its knees. Only when we had a no-tolerance policy did it change."

And he adds, "Many of my friends' children were devastated by drugs." He recalls visiting one friend's "beautiful 20-year-old son." The boy had spent 42 days in a coma while his mother sang at his bedside. When he woke, he had permanent brain damage and had lost partial use of his limbs. The cause? McCaffrey answers simply, "Heroin."

In the days when Hollywood made black-and-white movies, Barry McCaffrey might have been picked by Central Casting, less because he is classically handsome than because he is so genuinely American. Despite having lived all over the world, he speaks as if he just stepped off an Indiana grain farm. "Beautiful" is his favorite adjective, "and oh, by the way" his favorite expression. He met his wife on a blind date when he was 21 and proposed to her that same evening. "He is a very generous, funny man," she says. Around the house, he cuts the lawn "with gusto" and loves *Seinfeld* reruns.

Dealing With Drugs Behind Bars

Barry McCaffrey and others insist that our justice system needs to change. Between 50% and 75% of people arrested test positive for drugs. "With numbers like these," says Mark A.R. Kleiman, a drug-policy expert at UCLA, "why shouldn't burglars be drug-tested as often as transportation workers?" Kleiman advocates testing those on probation or parole, noting that places like L.A. County give fewer than one drug test per probationer per year. That is not an incentive to get help or stay clean, he argues. If you test positive, you should spend a few days in jail. Indeed, states with tough testing programs, like Maryland and Connecticut, have seen drug-use rates fall. "Reducing the few million hardcore drug-users will go a long way toward solving our problems," Kleiman says. McCaffrey also wants more prison treatment programs and less mandatory sentencing. He supports drug courts—more than 600 now exist—where drug-involved offenders must undergo treatment. "If we don't treat the drug problem behind bars, we're wasting our time," he maintains. "An offender will go right back to his or her aberrant behavior once out."

"Listen to your children. Parents and adult mentors can make all the difference."

As new drug czar in 1996, McCaffrey gets a DARE poster from Fair Avenue pupils in North Hollywood, Calif., one of 10 schools to start the anti-drug program.

McCaffrey is not physically imposing. But when he moves, it is with a purpose. "I was a boxer when I was young," he tells me as we head to Texas. And it shows when he deflects a few hecklers or a disagreeable question at a speech in Austin. "The guy's been shot at," says his former military aide and ONDCP strategy director, Pancho Kinney. "He doesn't fear anything."

McCaffrey also has a steely, independent vein. He held up the Pentagon budget for not doing enough to combat



drugs and stopped an Administration plan for needle exchange. He will correct a translator in mid-sentence. He will keep the White House waiting for days before saying "yes" to a personnel decision, and he will let a journalist accompanying him stand for hours in hallways while he meets with governors or drug-treatment counselors. "He may be Bill Clinton's appointee, but he's nobody's man," says Bob Weiner, the ONDCP chief of press relations.

And having seen real war, McCaffrey the drug czar doesn't believe in a "war" on drugs. Rather, his central message is that drug abuse is like a cancer, and we must try through prevention, treatment and education to hold this chronic and devastating disease at bay. "Each year, 50,000 people in the U.S. die from drug use," he says. "That's almost worse than all the years we were in Vietnam."

"I tell my wife I've become a crier in this job—listening to stories, seeing lives ruined," he continues. "Heroin changes the neurochemistry of your brain, so you are literally incapable of loving another person in the same way." Even marijuana is much more potent today than just 10 or 20 years ago, he adds. And McCaffrey

worries about newer drugs: teens sniffing household aerosol products or abusing prescription drugs like Xanax or Ritalin or the stimulant methamphetamine ("speed").

McCaffrey believes ideas should drive the drug debate. For starters, he wants to end most mandatory jail sentences for drug possession to allow judges more discretion. He wants more drug treatment available in prisons (see box) and believes that private health insurance must cover drug treatment, just as it does a broken arm. He questions

the validity of votes on medical marijuana use, noting: "We don't take a vote on how to treat heart disease. We leave that up to medical science." And he doesn't think it's anyone's business whether a politician has ever tried marijuana or cocaine. "Spare me," he says. "I don't want a moral inventory of all your failures. Instead, he wants to hear candid views on drug abuse in America."

continues

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HE HAS A BETTER WAY/continued

Some of McCaffrey's strongest views involve drug legalization. "To say that the legalization of drugs will make them less harmful to the person and society just doesn't make any sense," he says. "Do you believe that the reason heroin is a problem is because it's illegal or because it develops compulsive use behavior? Do you think drugs won't have the same impact on the human brain if they're legalized? Do you mean that you support having industrial-quality methamphetamines available at a 7-Eleven in your community for your 18-year-old son or employee? It's an elitist argument to say drug abuse doesn't affect me and my kind, that if you just legalize it, the problem will go away. You don't know what you're talking about."

McCaffrey and his office have vocal critics, starting with supporters of drug legalization and

Barry and Jill McCaffrey at home with their grandsons Michael McCaffrey (l) and Jack Larson, both now 3.



medical marijuana. Some top experts also worry that U.S. anti-drug efforts are driven too much by teenage marijuana use and not the hard-core addicts who inflict the most dollar damage. Experts on all sides persuasively argue that we don't even know how many Americans use drugs, because federal surveys rely on people to honestly answer a government interviewer's questions about their illegal drug use. (Some 13 million Americans are estimated to use drugs; 4 million are hard-core addicts, though McCaffrey concedes they are undercounted.) Questions also have been raised about whether alcohol and cigarettes should be considered part of the drug problem. And anti-drug activists have criticized national leaders for ignoring drug issues.

But McCaffrey believes that those who have the most influence over drug behavior are families, mentors and communities. To that end, his office—which has the frantic air partly of a command center, partly of a college dorm at exam time—began an annual \$400 million national ad campaign in 11 languages in 1998, to run for five years. Half of it is paid for by federal tax dollars; the rest is donated. "We know accurate ad-

vertising does shape attitude," McCaffrey says. He hopes the ads tell people that drug use is a dead end. "What easier product to sell?" he asks. McCaffrey believes there are ways to help people with substance abuse. He supports Alcoholics Anonymous, Narcotics Anonymous programs and confidential drug-treatment centers. To parents and mentors, he says: "Spend time with your kids and maintain your principles. (In the McCaffrey home, Sunday wa-

aside for church, brunch and a family outing.) Most important, McCaffrey says, if you suspect a problem, "don't go into denial. Go to the Internet, call the drug clearinghouse, go to sources of strength, like doctors and clergy. Otherwise, you will be leaving the problem up to law enforcement and ER physicians, who will be dealing with your child or loved one."

"Parents and adult mentors of children can make all the difference in the world," McCaffrey adds. "Kids are listening to you. If a person reaches age 20 without smoking, drinking or using drugs, he or she is almost guaranteed to be drug free for life."

To learn more, visit www.whitehouse.gov/drugpolicy.gov. For a free copy of "Growing Up Drug Free: A Parent's Guide to Prevention," write Consumer Information Center, Dept. 27, Pueblo, Colo. 810

THE PRESIDENT HAS SEEN

01-17-00

THE WHITE HOUSE

WASHINGTON

January 14, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLES M. BRAIN *CMB*

SUBJECT: CONGRESSIONAL CORRESPONDENCE

Attached for your review are letters from the following Members of Congress that I thought you would like to see.

- 1) Sen. Pete V. Domenici (R-NM)
- 2) Rep. George Miller (D-CA)

PETE V. DOMENICI
NEW MEXICO



United States Senate
WASHINGTON, D.C.

January 5, 2000

Dear Mr. President,

Thank you for your kind note of December 17th wishing me a speedy recovery. I appreciate your thoughtfulness.

I am happy to report that after a restful period at home this holiday season, I have made a complete recovery and am looking forward to a productive year.

Again, thank you for your thoughtfulness. Happy New Year to you and your family.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete", enclosed within a large, loopy circular flourish.

Pete V. Domenici
United States Senator

The Honorable William Jefferson Clinton
President
The White House
Washington, DC 20500

RS Very Kind of you
PVZ

1230
GEORGE MILLER

7TH DISTRICT, CALIFORNIA

2205 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-0507

(202) 225-2095

DANIEL WEISS

ADMINISTRATIVE ASSISTANT

COMMITTEE ON RESOURCES

COMMITTEE ON EDUCATION
AND THE WORKFORCE

VICE CHAIR

DEMOCRATIC POLICY COMMITTEE

Congress of the United States
House of Representatives
Washington, DC 20515-0507

January 7, 2000

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TTY (202) 225-1901

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

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Podesta



Dear Mr. President:

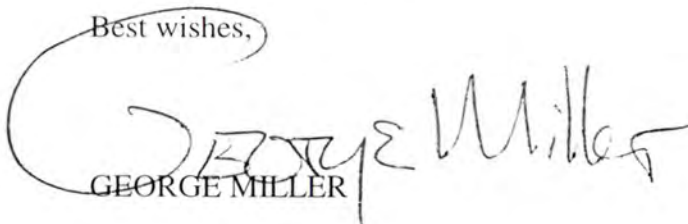
Your decision to grant a pardon to Mr. Freddie Meeks of Los Angeles was an historically significant and profoundly humanitarian decision for which I want to emphatically thank you.

Having been deeply involved in the Port Chicago issue for a dozen years and with the Meeks case specifically, I know how important this pardon is not only to Mr. Meeks and his family, but also to a much broader community. As you might note from the very prominent and extensive press coverage nationally (and especially in the California press and media), the significance of the Port Chicago story, and the Meeks case, has not been diminished by the 55 years that have passed since the unjust courts martial occurred.

Your particular concerns for racial harmony and justice have helped to heighten national concerns for this enormously important national issue, and your action on the Meeks case enhances your commitment to addressing wrongs in our past. I am grateful that you and others in your Administration were able to expedite action on the Meeks appeal so that he and his family are fully able to benefit from the knowledge that the President listened to his case and responded.

Thank you again for your decision.

Best wishes,


GEORGE MILLER

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
01-17-00

January 13, 2000

00 JAN 13 PM 1:12

MEMORANDUM TO THE PRESIDENT

From: Joe Lockhart

Attached is the videotape of the millennium interviews you gave last month, as well as a separate videotape of your interview with CSPAN. Included:

- ABC Interview with Peter Jennings – World News Tonight, December 17, 1999
- Larry King Live, December 23, 1999
- CBS 60 Minutes II Interview with Charlie Rose, December 28, 1999
- NBC Today Show, December 29 and December 30, 1999
- ESPN Interview, January 2, 1999

Missing is the Roger Ebert interview, which they expect to air early February.

cc: John Podesta

THE PRESIDENT HAS SEEN

01-17-00

THE WHITE HOUSE

WASHINGTON

January 14, 2000

00 JAN 15 PM 10:09

Copied

Spertling
Podesta

This is a very
important issue - we
have to do something real
about it -

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORTS

cc: JOHN PODESTA

X **Vaccines.** NEC, Treasury, State, NSC, and DPC is helping put together a package of measures to support vaccines to help poor countries, especially African countries. As you know, this past Monday the Vice President announced a USG proposal to contribute \$50 million in FY01 to the Global Alliance for Vaccines and Immunizations (GAVI) to help fund the purchase and delivery of vaccines to combat TB, yellow fever, malaria, and similar diseases. Now we are trying to expand our proposal and find a way to encourage drug companies to develop vaccines for diseases, including HIV/AIDS that have no current cure. One key proposal that we are studying would offer tax credits for drug companies that develop important new vaccines. As part of NEC's involvement in the G-7 Sherpa process, we also plan to try to convince our G-7 partners that an important deliverable in Okinawa would be a Millennium Trust Fund to help support vaccine research.

Summary
Steel Industry. There are early signs of recovery in the U.S. steel industry in large part due to your steel action plan, tough enforcement of our trade laws, and an increase in domestic demand abroad has had in impact: (1) overall steel imports are off 16% this year with even more dramatic drops in products covered by trade cases (hot-rolled down 46%, cold-rolled down 12%, plate down 57%, but wire rod up 17.6%); (2) Import penetration has fallen from 33.4% in November 1998 to 20.3% in October 1999; (3) Japan and Russia have returned to pre-crisis levels (Korea hasn't); and (4) prices have begun to recover, and some predict record prices for hot-rolled by mid-2000. Industry analysts predict a very strong 2000: (1) employment has just begun to rise -- Since October, employment has increased by 2,800 jobs but remains 11,000 jobs below January 1998 levels.

WTO Steel Case Losses. We will face tough decisions on two WTO cases involving steel that industry and sovereignists might use to claim the WTO is undermining the strength of our trade laws. A seldom-used 1916 law allows a private right of action against imports in our federal courts, a procedure not envisioned by the GATT or WTO Antidumping Code. We are awaiting a final panel report, which should be issued soon. In a separate case, a WTO panel has found Commerce Department methodology, in a countervailing duty case involving privatization, to be WTO-inconsistent. The panel found impermissible subsidies received prior to privatization that are extinguished and therefore not countervailable under the WTO Subsidies Code. The timing of these cases is awkward because in late spring there could be several important congressional votes.

Computer Export Controls. NEC and NSC, Commerce, Defense, Energy, and State are working with John Podesta on a decision memorandum for you on computer export controls. You last raised the threshold for computer exports in July 1999. As we anticipated, rapid technological change is requiring another review of the appropriate level, which we hope to have completed soon. John Podesta, Jim Steinberg, Daley, and I will be meeting next week with the CEOs of the major companies of the computer industry to discuss the issue with them. Industry is likely to characterize the interagency recommended administration position as a significant step in the right direction, but they would like us to go even further.

01-17-00

SPECIAL ANALYSIS

Fiscal Discipline and Economic Growth

As shown in the Chart of the Week, the decline in the structural budget deficit in this expansion has been unusual compared with what happened in the other two long expansions. This reflects an unusual decline in federal expenditures relative to GDP.

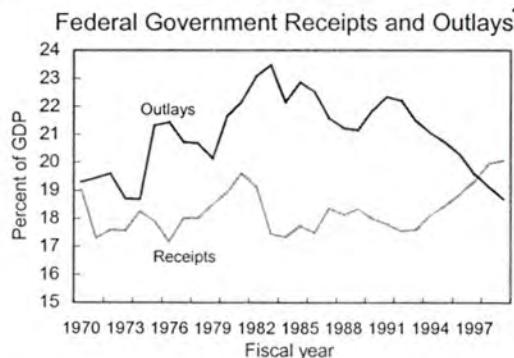
Contributions to growth. Growth in GDP can be disaggregated into the contributions of the major demand components: consumption, investment, government purchases, and net exports. In this expansion, the proportion of

Contributions to Economic Growth in Expansions



growth represented by consumption (the largest component of GDP) has been a little higher than in the other long expansions and the negative contribution of net exports has been larger (see upper chart). The difference that reflects fiscal discipline, however, is the relatively small contribution from government and the relatively large contribution from private fixed investment. Moreover, the modest contribution of government is entirely accounted for by growth in state and local spending: federal purchases of goods and services were smaller in 1999 than they were in 1991 after adjusting for inflation.

Federal expenditures and revenues. Total federal expenditures, which include Social Security and other transfers in addition to purchases of goods and services,



fell from 22.3 percent of GDP in 1991 to 19.0 percent in 1999 (see lower chart). This decline of 3.3 percentage points is more than twice the decline of 1.3 percentage points during the 1982-90 expansion. Moreover, the decline in spending in the 1980s was associated with a decline in revenues (as a share of GDP), whereas the decline in the current expansion occurred during a period of rising revenues. This

contradicts the view that increases in government revenue simply invite a corresponding increase in spending.

Analysis. Budget deficits can be useful in stimulating the economy when private demand is weak. And arguably they served that role in the early stages of the 1960s and 1980s expansions. However, fiscal restraint was applied too late to prevent a sharp rise in inflation later in the 1960s expansion. It was never a

Copied
Bailey
Podesta

feature of the 1980s expansion, and the combination of loose fiscal policy and tight monetary policy was associated with relatively high real interest rates and declining saving and investment. In the current expansion, by contrast, fiscal discipline has allowed monetary policy to accommodate strong growth with low inflation. Interest rates have been lower than they would have been without fiscal discipline, and investment has flourished.

SPECIAL ANALYSIS

Bugs Bunny Online: Not a Mickey Mouse Merger

America Online (AOL) and Time Warner agreed to merge this week in a stock deal that combines an older media franchise with one of the better known players in the new world of the Internet. In this “merger of equals,” AOL is far smaller than Time Warner in terms of revenue (\$1.5 billion versus \$6.7 billion in the third quarter of 1999). Nevertheless, with its higher market value, AOL was able to offer to buy out Time Warner shareholders while leaving AOL shareholders with 55 percent of the shares in the new AOL Time Warner.

AOL’s dilemma. AOL is an Internet service provider (ISP) that also supplies its own content to more than 20 million members of its America Online service. Most AOL customers dial in on an ordinary phone line to receive relatively slow “narrowband” access. Broadband access that increases the speed at which consumers can download their favorite news, music, and movie clips from the Web is now becoming available in two ways: through the local cable company’s wire using a cable modem, and through the local phone company’s wire using a digital subscriber line (DSL) service. AOL had been seeking at Federal, state, and local levels “open access” to provide its content over a broadband pipe, but it had been notably unsuccessful in persuading the largest cable company—AT&T—to open up its lines on terms acceptable to AOL.

Enter Time Warner. Time Warner is a multimedia company that is involved in many different ventures, including publishing, music and film production, and TV production for various cable networks such as its subsidiaries CNN and HBO. Time Warner also operates a number of cable systems throughout the country that serve approximately 13 million subscribers. Time Warner has upgraded about 85 percent of its systems to offer high speed broadband Internet access, but it still has relatively few broadband customers.

The plan. By merging, the combined company expects to realize synergies between the two operations. With its large customer base and expertise in marketing Internet services, AOL should be able to expand the number of Time Warner cable customers who purchase broadband access. The new company will also benefit from marketing Time Warner content to existing AOL subscribers.

Competition and Internet access issues. The merger will not solve all of AOL’s broadband access issues, since Time Warner’s systems still represent only a fraction of the nation’s total cable consumers. Thus, it is not surprising that the two companies have said that they are “committed to ensuring consumer choice of ISPs and content,” because AOL will still need broadband access for customers not served by Time Warner. It is far from clear, however, whether AOL Time Warner will actively push for legislation in this area.

Despite its large size, the new company will still face competition. In its existing dial-in business, AOL faces competition from many other national and regional Internet service providers, and there are a number of other providers of broadband access through wires owned by other cable and phone companies. With respect to content, Time Warner will still have to compete with other providers of news, information, music, and movies as it does today, and the companies have said nothing to suggest that they intend to restrict the sales of that content to a single distribution provider like AOL.

The proposed merger will be reviewed by the antitrust authorities, but there appear at first blush to be relatively few markets where the merger might substantially reduce competition under traditional antitrust guidelines. The FCC may review the merger under the Telecommunications Act of 1996. And incumbent phone companies may have an increased desire to seek relief or revisit the Act.

Stock market valuations. Over the past 2 years, both companies' stock prices have risen sharply, but the percentage gain has been much larger for AOL stock (see chart). In part at least, this difference reflects investor expectations that AOL's business has much more potential for earnings growth than Time



Warner's. The terms of the merger call for AOL to pay a large premium to Time Warner's shareholders relative to its pre-merger value. For this deal to benefit AOL shareholders as well, the synergies from combining the two companies would have to be substantial. However, the historical results from previous mergers suggest that shareholders in acquiring firms tend not to benefit from mergers. And

the initial market reaction to the AOL Time Warner deal was a 13 percent decline in the value of AOL stock during the two trading days following the announcement.

Future expectations. After the announcement of this merger, other Internet and media companies have seen their stock prices rise in anticipation of further mergers, but the shape of any future deals is less clear. AOL's leading role as both an ISP and a content provider is unusual in the online world, and other media and Internet companies may need to find a different model to use before attempting to blend traditional media with the Internet.

ARTICLE

Fishery Business

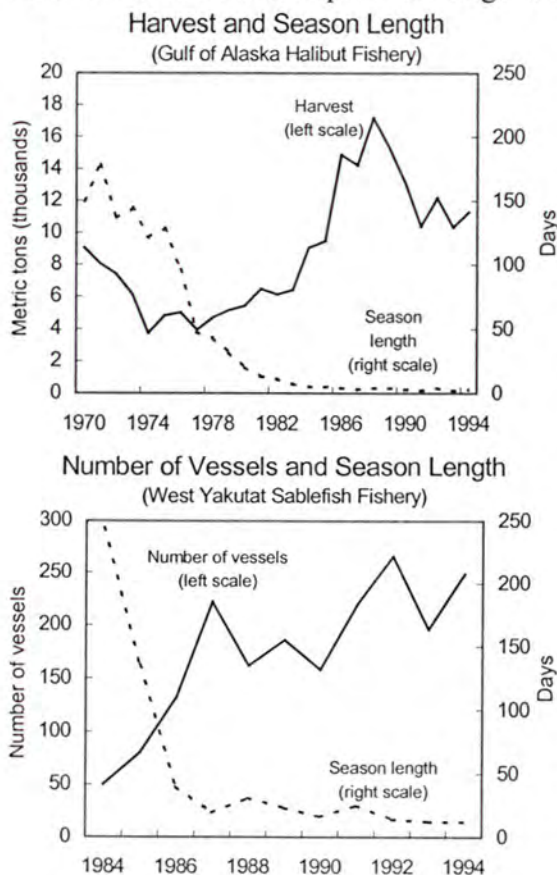
Over-fishing continues to be a problem for most fisheries in the United States, according to a recent report from the National Research Council (NRC). The report, which was requested in the Sustainable Fisheries Act of 1996, confirms the efficacy of individual quotas for some fisheries as a tool for addressing this problem, and it recommends lifting the moratorium on introducing new quota programs that was imposed by the Act.

The over-fishing problem. Fisheries are a common property resource, and without effective management over-fishing is likely to occur. This is because individual fishers' decisions about how intensively to fish are unlikely to take into account the full costs of these decisions in depleting the fish stock and possibly even killing off a species.

Traditional management strategies. Some fishery managers have tried to prevent over-fishing by imposing an annual limit on the catch. This limit, called the total allowable catch (TAC), is set at a level designed to guarantee the sustainability of the fishery, and the season usually ends once this limit is reached. This creates an additional problem, however, as each fishing crew tries to beat the rest of the fleet and capture as large a fraction of the TAC as possible. The

"derbies" that result can be quite wasteful; fishers over-invest in gear and purchase ever-larger boats, making the derbies even more frenetic.

Inefficiency. When this process significantly shortens the fishing season, consumers' access to certain species of fresh fish is restricted and fishers' work efforts are concentrated in a short, intense season. In the central Gulf of Alaska halibut fishery, for example, the season collapsed from a high of over 170 days in 1971 to 2 days in 1991, while the total catch more than quadrupled from 1974 to 1988 (see upper chart). In the West Yakutat sablefish fishery, the number of vessels increased almost fourfold in only 4 years in the mid-1980s as the number of days fell sharply (see bottom chart). Shorter seasons have also



been associated with higher accident rates, because, with a season of only a few days, the decision to sit out bad weather is often tantamount to sitting out the season.

A possible solution. A potentially more efficient approach for some fisheries is to allocate shares of the TAC through individual quotas and allow fishers to trade these quotas in an open market. Under a quota system, each fisher has a right to a specified share of the TAC in each year, and each can catch this share in the cheapest manner possible without having to worry about the behavior of competitors. The incentives to concentrate production in the early portion of the season and to over-invest in capital disappear. Overall efficiency is improved further when the quotas are transferable, because less efficient fishers have an incentive to sell their rights to more efficient fishers.

Experience with individual quotas. The NRC report finds that individual quotas have been used extensively around the world, with very promising results. New Zealand first introduced a program in 1986 and at least 7 other countries now employ individual quotas. The creation of each of the four U.S. programs underway before the moratorium was imposed arose, in part, out of a concern over the build-up of fishing capital. In two of these (the surf clam/ocean quahog fishery and the wreckfish fishery) over-harvesting has ceased, and there is evidence that the total quantity of capital has subsequently fallen. In the Alaskan halibut and sablefish fisheries, the annual harvest did not exceed the target in the first 2 years of the quota program, after doing so by an average of 6 percent over the previous 17 years.

Conclusion. The moratorium on new individual quota programs imposed by the Sustainable Fisheries Act of 1996 runs through October 1, 2000. In recommending that the Congress lift this moratorium and allow regional fisheries to use individual quotas, the NRC report emphasizes that the quotas are not a panacea applicable to all fisheries. But it also concludes that past experience has repeatedly demonstrated the effectiveness of individual quotas in matching harvesting and processing capacities to the resource, slowing the race to fish, providing consumers with a better product, and reducing wasteful and dangerous fishing.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

The Gender Pay Gap in Top Corporate Jobs. Between 1992 and 1997, about 2.5 percent of high-level executives in U.S. corporations were women. According to a recent study, these women earned about 45 percent less than their male counterparts. As much as three quarters of this gender gap can be explained by the fact that women tend to manage smaller companies and are less likely to be CEOs, chairs, or company presidents. Taking into account that female executives also tend to be younger and have less seniority than males reduces the unexplained gender gap to just 5 percent. While the absence of a significant conditional gender gap implies that women and men who hold similar jobs in firms of similar size receive fairly equal compensation, it does not rule out the possibility of discrimination in terms of gender segregation or promotion.

Children's Life Prospects Diverge. The number of children under age 6 with particularly bright futures and the number with particularly dim futures both rose between 1976 and 1996, according to a recent study. Looking at both "risk factors" and "opportunity factors" in young children's environments that are associated with negative and positive adult outcomes, the study found that the share of young children with particularly good prospects rose from 9 percent to 26 percent. Most of this growth resulted from having mothers who are now more educated and more likely to delay childbearing. The proportion of children with poor prospects—having a teen or unmarried mother, having a mother without a high school degree or living in poverty—rose from 8 percent to 12 percent. Applying this analysis to children in cities and suburbs, the study found increases in both good and bad prospects in both cities and suburbs. But it also found that in 1996 half of all children with poor prospects lived in central cities, while two-thirds of all children with good prospects lived in suburbs.

Manufacturing Increasingly Relies on Temporary Workers. The manufacturing sector increased its use of temporary help workers in the 1990s, according to a recent study. The study argues that because the official BLS data count these temporary workers as service sector not manufacturing employees, the number of jobs generated in manufacturing has been underestimated, manufacturing productivity has been overstated, and the decline in manufacturing hours has been overestimated. Not counting these workers in manufacturing explains, in part, the apparent flatness of manufacturing employment in the 1990s. While official data suggest that the expansionary period between 1992 and 1997 generated only 550,000 manufacturing jobs, accounting for the temporary workers implies that, in fact, as many as 1,060,000 new jobs were created. The decline in manufacturing hours between 1989 and 1997 also disappears once temporary help workers are taken into account. The study finds that excluding temporary help workers raises manufacturing productivity (and lowers service sector productivity), but it does not account for much of the gap between the high rate of growth in manufacturing productivity and the low rate in services. Nor does it change the rate of growth of productivity for the nonfarm sector as a whole.

INTERNATIONAL ROUNDUP

European Commission to Create Food Safety Authority. In a White Paper published this week, the European Commission unveiled plans to create an independent European Food Authority, with the aim of restoring public confidence in European food policy after a series of food alerts and crises in recent years. The intention is that the Authority will be guided by the best science and work closely with national scientific bodies. It will be independent of industrial and political interests and open to public scrutiny. Its main tasks will be disseminating independent scientific information on all aspects of food safety, operating a rapid alert system, and communicating with consumers on issues of food safety and health. The White Paper envisions the Authority beginning operations in 2002, once the necessary legislation is adopted.

China to Shut Down Steel Plants. China has announced plans to close its small steel plants, which may result in the loss of thousands of jobs. Small smelters and mills with annual production capacities below 100,000 tons are to be closed, affecting more than 2,500 plants. Plants that rely on small and backward steel blast furnaces and converters will also be closed. According to the *China Daily*, most of the plants in question are low-technology operations that waste resources and generate serious pollution. The plan will allow the government to obtain better control of steel output. China's goal is to achieve a 10 percent reduction of steel output this year in order to alleviate a current steel market glut. The plant closures will be enforced with strict measures, including denying designated plants raw materials, power supplies, credit, environmental licenses, and markets for their steel.

Russia's Health Crisis. Russia is in the midst of a health crisis, with deaths currently exceeding births by about 700,000 a year. Some experts estimate that without immediate policy measures, Russia's population is on track to drop to 80 million in 50 years from about 150 million today. Drug-resistant tuberculosis, AIDS, and cardiovascular disease are rampant. Some estimate that over 10 million Russians will be infected with HIV by 2005. The death rate from cardiovascular disease in Russia is higher than the death rate in the United States from all causes combined. Alcohol abuse poses additional concerns. In 1996, over 35,000 Russians died from unintentional alcohol poisoning; the comparable U.S. figure is 300. The experiences of countries like Thailand and Uganda in successfully lowering HIV infection rates show the positive impact when diverse government ministries, NGOs, and grassroots community groups join forces to raise local awareness. However, it has been argued that Russia's leadership has done little to promote "healthy lifestyles" domestically.

RELEASES THIS WEEK

Industrial Production and Capacity Utilization

****Embargoed until 9:15 a.m., Friday, January 14, 2000****

The Federal Reserve's index of industrial production increased 0.4 percent in December. Capacity utilization rose 0.1 percentage point to 81.3 percent.

Consumer Price Index

****Embargoed until 8:30 a.m., Friday, January 14, 2000****

The consumer price index rose 0.2 percent in December. Excluding food and energy, consumer prices rose 0.1 percent. For the 12-month period ending in December, consumer prices rose 2.7 percent; excluding food and energy, consumer prices rose 1.9 percent.

Retail Sales

Advance estimates show that retail sales increased 1.2 percent in December following an increase of 1.1 percent in November. Excluding sales in the automotive group, retail sales rose 1.4 percent following an increase of 0.7 percent.

Producer Price Index

The producer price index for finished goods rose 0.3 percent in December. Excluding food and energy, producer prices rose 0.1 percent. For the 12-month period ending in December, producer prices rose 3.0 percent; excluding food and energy, producer prices rose 0.9 percent.

MAJOR RELEASES NEXT WEEK

Housing Starts (Wednesday)

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

U.S. ECONOMIC STATISTICS

	1970- 1993	1998	1999:1	1999:2	1999:3
Percent growth (annual rate)					
Real GDP (chain-type)	3.0	4.6	3.7	1.9	5.7
GDP chain-type price index	5.2	1.1	2.0	1.3	1.1
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.7	3.1	2.7	0.6	4.9
Real compensation per hour:					
Using CPI	1.0	3.9	2.8	1.2	2.1
Using NFB deflator	1.5	4.7	2.9	2.9	4.4

Shares of Nominal GDP (percent)					
Business fixed investment	11.4	12.5	12.6	12.6	12.7
Residential investment	4.5	4.2	4.4	4.5	4.4
Exports	8.2	11.0	10.7	10.7	10.8
Imports	9.2	12.7	12.9	13.4	13.8
Personal saving	6.6	2.6	2.2	1.8	1.5
Federal surplus	-2.8	0.5	1.1	1.3	1.4

	1970- 1993	1999	October 1999	November 1999	December 1999
Unemployment Rate (percent)					
	6.7**	4.2**	4.1	4.1	4.1
Payroll employment (thousands)					
increase per month			284	222	315
increase since Jan. 1993					20367
Inflation (percent per period)					
CPI	5.8	2.7	0.2	0.1	0.2
PPI-Finished goods	5.0	3.0	-0.1	0.2	0.3

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

New or revised data in **boldface**.

CPI data **embargoed until 8:30 a.m., Friday, January 14, 2000.**

FINANCIAL STATISTICS

	1998	1999	November 1999	December 1999	Jan. 13, 2000
Dow-Jones Industrial Average	8626	10465	10810	11246	11582
Interest Rates (percent per annum)					
3-month T-bill	4.78	4.64	5.07	5.20	5.25
10-year T-bond	5.26	5.65	6.03	6.28	6.63
Mortgage rate, 30-year fixed	6.94	7.43	7.74	7.91	8.18
Prime rate	8.35	8.00	8.37	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level January 13, 2000	Percent Change from	
		Week ago	Year ago
Euro (in U.S. dollars)	1.027	-0.5	-12.2
Yen (per U.S. dollar)	106.1	0.9	-6.5
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	92.80	0.2	1.2

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	4.3 (Q3)	4.1 (Dec)	2.7 (Dec)
Canada	4.2 (Q3)	6.9 (Nov)	2.1 (Nov)
Japan	1.0 (Q3)	4.6 (Nov)	-1.2 (Nov)
France	2.9 (Q3)	10.7 (Nov)	0.9 (Nov)
Germany	1.3 (Q3)	9.0 (Nov) ^{2/}	1.0 (Nov)
Italy	1.2 (Q3)	12.1 (Apr)	2.0 (Nov)
United Kingdom	1.8 (Q3)	5.9 (Sep)	1.4 (Nov)

U.S. CPI data **embargoed until 8:30 a.m., Friday, January 14, 2000.**

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

2/ Rate for unified Germany.

THE WHITE HOUSE

WASHINGTON

January 14, 2000

THE PRESIDENT HAS SEEN

01-17-00

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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1. Crime – Boston Gun Event. Next Tuesday, at an event at the Orchard Garb Community Center in the Roxbury neighborhood of Boston, you will unveil the FY 2001 firearms enforcement budget. The initiative, which includes the largest increase ever in the budget, includes: 1) 300 new ATF agents to increase cases against illegal gun traffickers and armed criminals; 2) 200 ATF inspectors to crack down on unscrupulous gun dealers, manufacturers and distributors; 3) 1,000 new state and local gun prosecutors; 4) over 100 additional federal prosecutors to focus on gun cases, including 20 enforcement coordination teams; and 5) additional resources to expand the Administration's crime gun tracing initiative to 50 cities, and provide ATF training and software for 250 cities to help trace more firearms. As you know, through its Operation Ceasefire Initiative, Boston has made significant progress in reducing crime and gun violence in recent years, particularly among youth. In the last decade, the homicide rate in Boston has dropped by 400 percent (24.9 per 100,000 residents in 1990 to 6.1 per 100,000 residents in 1998).

2. Crime – Federal Firearms Prosecutions. New internal Justice Department statistics show that the total number of federal firearms prosecutions increased by 25 percent between 1998 and 1999. Significantly, the 1999 total now exceeds by 15.7 percent the number of federal firearms cases brought in 1992. The updated figures will bolster our response to charges by the NRA and other opponents of gun safety legislation that this Administration is not doing enough to enforce laws already on the books. We plan to release these figures along with the FY 2001 firearms enforcement budget initiative for your crime event in Boston next Tuesday.

3. Crime – Data on Juvenile Gun Offenders. Earlier this week, the Justice Department posted new data on its website showing that between 1993 and 1998, the number of juvenile homicide offenders who used a gun fell 57 percent; from 1997 to 1998, the number fell 27 percent. The new statistic was released as part of an analysis of crime data previously released by the Bureau of Justice Statistics and the FBI.

4. Welfare – Second Chance Homes. Per your request, we are working with OMB to include funding in the budget for second chance homes. We proposed what seems to be a viable option, which is to earmark \$25 million of the proposed \$75 million increase in the Social Services Block Grant for this purpose. We will solidify details this weekend. To answer a question you raised, the latest data show that 17 states have obligated all their TANF funds:

01-17-00

Alaska, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Maine, Massachusetts, Missouri, Montana, Ohio, Oregon, Texas, Virginia, West Virginia, and Wyoming. For certain technical reasons, however, we may not want to target this program only to states that have obligated all their TANF funds. We will update you further as this policy is finalized.

4. Health Care – Genetic Discrimination in the Federal Workforce. We are now preparing for you an executive order that prohibits genetic discrimination in the federal workforce. As you may recall, this order was stalled last year when a number of agencies, particularly CIA and NASA, insisted on retaining the right to screen out employees potentially unfit for dangerous billets. The compromise we have now developed bars genetic testing, but permits the taking of family histories to determine whether an employee or prospective employee has a *current* medical condition that would bar placement in a particular job. It does not, however, allow using family history as a way of speculating about the *future* possibility of a disqualifying illness. Dr. Francis Collins, director of the National Institute for Genome Research, was part of our process and is supportive of the compromise. You will be able to highlight this issue in the State of the Union, and can unveil the executive order soon thereafter.

5. Health Care – Announcement of Health Insurance Coverage Initiative. Next Wednesday, you are scheduled to unveil your health insurance coverage expansion initiative. It will include a range of policy proposals, but greatest interest will be focused on your family coverage proposal and your tax credit for individuals whose employers do not offer coverage. These and other policies will be made available to the media for publication on Wednesday, and you will highlight them that day. We will send you a memo early next week detailing all the provisions of the coverage initiative.

6. Education – Standards Report Answers. You asked about the NEAP performance of the five states cited as "exemplary" on the recent Thomas B. Fordham Foundation. The states were Texas, North Carolina, South Carolina, California, and Alabama. In brief, while Texas and North Carolina have made substantial and noteworthy progress on the NAEP since 1993, South Carolina, California, and Alabama have not. We can provide more detailed scores should you want them. You also asked for a copy of the Fordham report, which is attached.

7. Education – Education Week's Annual Quality Counts Report. Education Week released its fourth annual "report card" on school reform this week focusing on teacher quality. The report found that the "best and brightest" leave teaching early -- and that those who leave are twice as likely to have scored in the top 25 percent on the SAT as are those who stay. The report found that while most states set standards for who can teach, waivers and loopholes often erode those standards. The report also found fault with state efforts to recruit and retain high-quality teachers. Most states offer little or no extra incentives to become a teacher, and those that do offer something (such as loan forgiveness) do not tailor the incentives to high-need subjects or high-poverty schools. We are preparing a package of initiatives on teacher recruitment and quality for the State of the Union and the budget, including one program designed to cultivate teachers from and for high-poverty districts, and another that rewards states for making progress toward teacher quality improvement goals.

THE PRESIDENT HAS SEEN

01-17-00

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THE WHITE HOUSE

WASHINGTON

January 14, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: ROGER BALLENTINE

RE: OFFICE OF ENVIRONMENTAL INITIATIVES WEEKLY

Climate Change

Press, Science and Industry.

As you likely saw, *The Washington Post* ran "Warming to Reality" as its lead editorial last Sunday (1/9). The piece listed many of your initiatives, adding: "[b]ut there is a limit to what the Administration can do without the cooperation of Congress." The National Academy of Sciences released a major new study this week, which was reported on by *the Washington Post*, *LA Times*, *CNN*, *CBS* and other outlets. The study found that the warming trend over the past two decades "...is undoubtedly real and is substantially greater than the average rate of warming during the 20th century." The report also downplayed a long-standing dispute over temperature data (while ground monitors have shown a sharp increase in Earth's temperatures, satellite and weather balloon observations have shown little or no warming), noting that while this discrepancy cannot yet fully be explained, it "in no way invalidates the conclusion that the Earth's temperature has been rising."

CBS News aired six separate global warming stories this week over three nights running more than 15 minutes in total and featuring sound bites from your statement at the Grand Canyon, two interviews with Dr. James Baker of NOAA and an interview with John Podesta. All the stories emphasized that global warming science is becoming conclusive, and included impacts as diverse as farming problems in the Central Valley of California to increased incidence of jellyfish blooms worldwide. The Wednesday climate piece was the lead story, and Dan Rather began: "A CBS News Exclusive: a new study finds global warming is real and getting worse as the White House plans to unveil an ambitious new program to fight it." *NBC* ran two global warming stories this week emphasizing increasing certainty of science.

Our bioenergy budget received positive coverage in agricultural press throughout the farm belt, as well as wire stories out of Washington with a complementary quote from Senator Lugar. Meanwhile, Cargill Inc. and Dow Chemical this week announced a \$300 million program for full-scale commercial production of a new kind of plastic made from plants instead of petroleum, which is being called "Natural Plastic," the *Wall Street Journal* and other outlets reported.

Podesta et al

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Wall Street Journal

At the Detroit Auto Show this week, virtually every major auto manufacturer unveiled prototype hybrid cars that get better than 70 mpg. Ford's entry, the Prodigy, is "a family car that get nearly 80 mpg without sacrificing performance or functionality," according company documents. GM's Precept has similar qualities. Both were developed under our Partnership for a New Generation of Vehicles program. Chrysler is to display their entry later this year. The Ford hybrid electric vehicle is expected to add approximately \$3,000 to the vehicle price, and the company called for a federal tax credit to make up that difference. Your budget and climate tax package will include precisely such a credit.

International/Diplomatic

At the third US-China Forum on Environment and Development held in Honolulu this week, the Chinese agreed to a U.S. proposal to engage in a high level dialogue on the Kyoto negotiations, but declined to meet before June. Substantive progress, however, was made on bilateral cooperation on clean energy technology transfer, trade in clean energy products, and natural resource management issues. The Chinese seem increasingly willing to link such matters to climate change.

France this month will announce an "eco-tax" on carbon specifically aimed at reducing greenhouse gases and global warming, *Reuters* reported. The tax would be based on the amount of carbon produced by various energy sources, and apply to the electric power sectors, makers of cement and steel, and others.

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



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

00 JAN 14 14:30

January 14, 2000

THE PRESIDENT HAS SEEN

01-1700

MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

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

SUBJECT: CEQ WEEKLY REPORT

*Copied
Frampton
Podesta*

RESOURCE STEWARDSHIP

National Monuments Designations

Your announcement on Tuesday garnered extensive news coverage – including CBS, NBC, ABC and CNN – and positive editorials from the New York Times, Arizona Republic (see attached), San Jose Mercury News, Minneapolis Star Tribune and several other newspapers.

60 Minutes Story on MTBE

This Sunday, 60 Minutes plans to air a segment on EPA's policy regarding MTBE, a controversial fuel additive. While MTBE has improved air quality, it has contaminated groundwater and led to widespread concern over drinking water safety. Last year, an EPA Blue Ribbon Panel recommended the phase-out of MTBE while preserving a requirement for renewable fuel. We anticipate that the 60 Minutes piece will criticize EPA for its failure to foresee the negative effect of MTBE.

Thirtieth Birthday of CEQ and the National Environmental Policy Act

On January 1, 1970, President Nixon signed the National Environmental Policy Act (NEPA), often referred to as this country's environmental magna carta. Over the past three decades, NEPA has fundamentally changed federal agencies' decisionmaking by requiring agencies to evaluate the environmental consequences of their proposals prior to taking action and by involving the public in that process. The environmental impact assessment process established by NEPA has been copied by almost 100 other countries, as well as some state, municipal and tribal governments here at home. NEPA also established CEQ as the institution within the EOP to advise the President on environmental issues, coordinate policy and oversee agencies' implementation of NEPA. National Public Radio and other media will be referencing the 30 year anniversary of NEPA this month and throughout the year. We intend to draft a statement commemorating the anniversary for your release later this month.

0117-00

Colorado River Protection

In an historic agreement, Secretary Richardson announced today a plan to protect the environment and return lands to the Utes, an Indian tribe in Utah. Under the agreement, the federal government would work to clean up 10 tons of low-level radioactive waste that threatens the Colorado River and the Arches and Canyonlands National Parks. In addition, the agreement would provide for the protection of 75 miles of the Green River, an important tributary of the Colorado River in Utah, and the transfer of approximately 84,000 acres of land to the Utes. Representative Chris Cannon, whose district includes the area, and the Sierra Club have praised the agreement.

INTERNATIONAL LEADERSHIP

Tropical Forest Conservation

This week, Time magazine ran a three page story on the status of the 25 most endangered primate species, many of whom consist of less than 500 individuals in the wild. Of the 25, 24 are restricted in range to seven of the world's most threatened "hotspot" tropical rain forests ecosystems. In part to follow up your meeting with environmental CEOs in Seattle and the discussion of international forest protection, we have worked with OMB, USAID, Treasury and other agencies to develop a new \$50 million Greening the Globe initiative in this year's budget that reflects a nearly 70% increase over last year's enacted levels for tropical forest conservation in key regions.



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Opinions

ARIZONA REPUBLIC EDITORIALS

PRESIDENT ACTED WITH WIDE SUPPORT State politicians, ease up

Some advice to Arizonans who are quick to question motives and blind to good decisions on the merits: Step back, take a deep breath and be thankful that Arizona now has two additional national monuments.

With precedent on his side, yesterday President Clinton accepted the recommendation of Interior Secretary Bruce Babbitt and gave heightened protection to two large swaths of wild and rugged Arizona terrain.

Against the majesty of the Grand Canyon, the president used the 1906 Antiquities Act to establish the Agua Fria National Monument, 71,000 acres between Black Canyon City and Cordes Junction, and the Grand Canyon-Parashant National Monument, 1 million acres to the west and north of Grand Canyon National Park.

This was the proper thing to do because there is wide support for the preservation of these unique areas — lands that surely fit the criteria of historic, cultural and scientific that are required to invoke the Antiquities Act.

Over the past year, public hearings were held and sentiment was clearly on the side of conservation. A statewide poll conducted for the Sierra Club by the Behavior Research Center indicated that three of four Arizonans — Republicans, Democrats and independents — favor what the president did.

But like politicians in Utah who decried the "process" when President Clinton in 1996 unilaterally created the Grand Staircase-Escalante National Monument — 1.7 million acres rich in coal deposits — Arizona's congressional delegation and Gov. Jane Hull are repeating that same tiresome song. They sent a letter last week to Clinton and asked that he "refrain from this unilateral action and instead work with us to develop a solution reflecting the wishes" of Arizonans.

Arizonans want the incredible beauty of their state protected, and they seem to be ahead of the politicians. After all, what matters is



A statewide poll conducted for the Sierra Club indicated that three of four Arizonans favor President Clinton's action to preserve more land in two national monuments. Associated Press

whether this was the right and proper decision, whether these lands are deserving.

Clearly, the answer is a resounding yes. And better to do so sooner than wait for the pitfalls of congressional action. Or more likely, inaction.

Growth is already creeping north of Phoenix up Interstate 17. Greater protections for hundreds of Native American archaeological sites and distinctive rock art are a must. At the Grand Canyon, what more can we say than saving for future generations more grasslands, pine forests and canyons will some day be viewed as important as Teddy Roosevelt's decision in 1908 to preserve the Grand Canyon, which was upgraded to a national park in 1919.

Still-to-come management plans

should preserve most existing recreational uses, from hiking to camping to hunting. But off-road vehicle use is an increasing problem on public lands and should be controlled. Mining is one commercial activity that's incompatible with preservation. Not so livestock grazing, which should be permitted.

Though these monuments consist mainly of federal Bureau of Land Management lands, some state trust lands are involved. Thus, Arizona should expect fair compensation for letting these lands remain in the monument at Grand Canyon.

We would urge our delegation to accept reality. The challenge now is to ensure that the hoped-for protections come about. More monuments mean a need for more funding, and they should do all they can in this regard.

THE WHITE HOUSE
WASHINGTON

January 14, 2000

MR. PRESIDENT:

NSC/Scheduling have received and formally declined an invitation from Dr. Telschik of the Quandt Foundation for you and Sandy to attend this conference in February. Tony Blinken will attend on behalf of the Administration.

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01-17-00

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0277

00 JAN 13 AM 7:29

THE WHITE HOUSE
WASHINGTON

January 13, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL R. BERGER ✓
SUBJECT: Rudy Lowe's Invitation

Rudy has invited you to attend the International Security conference in Munich, February 4-6. While the conference itself has merit, it would be difficult for you to travel to Munich in early February.

You will have just returned from Europe (January 28-29 in Davos) and there is a strong likelihood that peace talks on both the Syrian and Palestinian tracks will be in full swing. If you agree, we will call Rudy on your behalf to let him know you will not be able to attend the conference.

0277

Rüdiger Löwe

1-10-00

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URGENT!

11/2/99 C. N. S.

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96049 Bamberg
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Fax (Büro):
0 89 / 38 06 - 76 87

November 2, 1999

His Excellency
Bill Clinton
President of the
United States of America

c/o Mrs. Nancy Hernreich
Dep. Assistant to the President
and Director of Oval Office Operations
The Executive Office
The White House
Washington D.C. 20500
Fax: 202-456-6703

Nancy
(never following up)
(What should we do)
Should we call him?
JCS

Dear Bill,

Thank you so much for the wonderful and unique invitation to stay in the White House, even in your favorite guest room, last Wednesday/Thursday. I enjoyed your gorgeous hospitality immensely. Ann Mc Coy did a great job showing me around, arranging many things, etc. A pity that Claudia hadn't recovered soon enough to join me - she would have loved it.

Bill, since I have to fly from D.C. to New York City on Thursday morning and on the same evening to Munich, I would be happy if we could meet briefly - for a minutes only - on Wednesday or speak on the phone. As you asked me in the Oval Office last Thursday morning, I gave my phone number here (703-356-1958) to Mary Morrison and Ann McCoy so that we could arrange that. As you know, I had reason to hope that we would have breakfast on Thursday in order to speak about a few personal things.

Perhaps most important : Dr. Teltschik, board member of BMW and Chairman of the Board of the Quandt Foundation, is organizing next year's "Wehrkunde-Tagung" known as The International Security Conference in Munich, Europe's most important security conference. It is held every year during the first weekend in February. Mr. Teltschik would like to know whether you could participate, perhaps giving a far reaching foreign policy speech (Feb. 4-6, 2000). More than 20 Foreign Ministers and Defense Secretaries will participate. The American delegation will include Secretary Cohen and Senator Lieberman. You and I have

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NZE should do

often talked about this annual conference, which is unique in Europe. You will recall that two years ago Chancellor Dr. Kohl invited you for February 1998. How about this time? I have much more information for you. By the way, I have heard that you may give a Quandt lecture next Monday at Georgetown University.

Well, so much for now. It would be good getting in contact tomorrow.

*All the best,
Sincerely,
Rudy.*

THE PRESIDENT HAS SEEN
01-17-00

The Vital Center Starts Here
Remarks of Al From
President, Democratic Leadership Council
1999 DLC Annual Conference
Washington, D.C.
Thursday, October 14, 1999

Sie/c → Ricketts
Thurgood

Copied
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Podesta

As we gather for this, the last DLC conference of the 1990s, we are reminding you we've come since our first conference in this decade, but we are well aware that our finished.

We began this decade hoping to end the Democratic Party's losing streak politics. We end it with a New Democrat president finishing his second successful term, sights set on returning a transformed Democratic Party to its rightful place as the main force in American politics.

At the end of the 1990s the New Democrat movement is vibrant, determined and growing. What a decade this has been for New Democrats.

When we met in New Orleans in March, 1990, when we inaugurated a young governor from Arkansas as Chairman of the DLC, and issued that landmark document, the New Orleans Declaration, there were no New Democrats, no New Democratic movement, no New Labour in Great Britain, no New Middle in Germany, no Third Way sweeping progressive politics in the world. The Democratic Party was out of ideas, out of confidence and out of power.

And America was out of synch. Unemployment and inflation were far too high. The deficit was going up and incomes were going down. Crime was exploding and so was welfare. The federal government was the biggest it had ever been and getting bigger.

As we meet here today, America is on a roll. Our economy is the best in our lifetime, employment is at an all-time high and unemployment at a three-decade low. Inflation is low and under control. Incomes and wages are going up. Child poverty is down, and the welfare rolls have been cut nearly in half. The violent crime rate is the lowest in a quarter century. And the federal government is the smallest since the Kennedy administration.

Need I remind you, all of that has been accomplished under a New Democratic president, the first Democratic president to be elected and re-elected to the White House in six decades.

That is an incredible record, and it didn't just happen. It happened because of the hard work we undertook under President Clinton's leadership to modernize our party, to come up with bold and innovative ideas for growing the economy, ending welfare, reducing crime and streamlining government – ideas that challenged the status quo and often challenged the orthodoxies in our own

party. And it happened because President Clinton had the vision and the courage to put into action so many New Democrat ideas – ideas that have worked and made America a better, safer and more prosperous country.

I'm proud of what the New Democrat movement has accomplished for America, and you should be, too. And I'm proud of what we have done for our party, that New Democrat ideas have transformed our great party and that our success has become a model for the Third Way political philosophy that has propelled the resurgence of center left parties throughout the democratic world. That indeed is the biggest story in world politics in the 1990s. As President Clinton said at our conference last year, in just 15 years DLC ideas are literally sweeping the world. I'm proud of that, and I sure hope you are too.

Now, as we look to the future, we need to understand what is really at the core of our success. We reconnected our party, the oldest and greatest political party on the face of this earth, with its first principles and its grandest traditions. We modernized its programs and its policies. We brought the Democratic Party into the information age. But we did not run away from our party; we brought it back to its more cherished principles, and its highest ideals, and we offered new and innovative ways to further them.

We brought our party back to its first principle as the party of opportunity, by understanding that if you want to be a party of opportunity in the 21st Century you have to be a party of private sector growth.

We reunited our party's policies with the values that most Democrats and most Americans share, by passing welfare reform and the expanded earned income tax credit, the Medical and Family Leave Act, and by reducing crime with bold ideas like community policing and sensible gun control.

We reconnected this party with the civic ethic of John Kennedy by passing AmeriCorps and by asking citizens to give something back to their country.

We are in the process of bringing this party back to its historic place as the party of internationalism, the party that believes in expanding trade throughout the world.

Finally we reconnected this party with Franklin Roosevelt's true legacy, that of innovation, by modernizing government under the leadership of Vice President Gore, so today the federal government is smaller, but we have an activist government all over this country that is equipping people with the tools they need to solve their own problems in their own communities.

In short, we have shaped a modern, progressive political philosophy for the information age. To paraphrase our friend Tony Blair, it is an incredibly wonderful speech that he gave to the Labour Party of Great Britain about two weeks ago, our New Democrat philosophy is not a compromise between liberalism and conservatism; rather, it is a modernization of progressivism. It is progressivism distinguishing itself from the status quo forces of both the left and the right.

And, it is progressivism once again defining the vital center of American politics, the vital center where presidential elections are won and lost, the vital center that President Clinton and the New Democrats now occupy.

So it is no wonder that the leading candidates for president in both political parties seem to be running to be elected to President Clinton's third term. And it is not surprising that the leading candidate in the other party, having already tried to steal our rhetoric, is now in a headlong dash to run away from his party's leadership in Congress.

Now, I understand why any Republican who hopes to be elected president would want to identify with New Democratic principles. They're the principles that most Americans embrace. And I certainly understand why a Republican candidate for president would want to run away from the polarizing right wing of his own party. He knows he cannot be elected president on their agenda.

You know, as I think about that republican agenda, balancing the budget on the backs of the poor, a 13-month fiscal year and all the other nonsense that comes out of that Congress, I can't help but once again hearken back to the words of Tony Blair as he was describing the Tories under William Hague: "Weird, weird, weird."

But let us not confuse an attempt to separate from the Republican Party's right wing with what President Clinton did to transform the Democratic Party during this decade. There is a big difference between the hard work of modernizing a political philosophy to reconnect with a party's first principles and historic traditions, and fashioning a slogan or a speech that expediently pushes off a party's unpopular leadership.

Many of you know how hard the work of transforming a party really is, because you were part of it, you were there in New Orleans and Cleveland at those defining DLC conferences. Together we took on the tough debates and the hard fights. Along the way, we even picked up a few scars.

But let's be very clear: The vital center of American politics starts right here.

Let me repeat that: The vital center of American politics starts right here, in the DLC, in the modern, transformed Democratic Party. It is a progressive center. We defined it. We developed the ideas that shaped it. We put those ideas into action. And, we intend to carry those ideas to fruition to transform America in the 21st Century.

After all we went through to modernize our party, we are not about to sit idly by and let the Republicans reclaim the vital center on the cheap.

So my message to our compassionate conservative imitators is this: We're flattered that you want to imitate our rhetoric, but by November of next year the American people will know the difference between the imposter and the real thing.

But we need to understand that the challenge to our turf is real. We cannot become complacent. We need to keep challenging the status quo, to keep the mantle of progressive reform firmly in our grasp. We need to continue to modernize our party. We must resist any temptation to go back. Our candidates for president need to understand that there's just one proven progressive formula for winning the White House and governing effectively in the United States. It's the New Democrat formula. There's no other way.

If we want to hold on to the vital center of American politics, and that is the key to our holding onto the White House, New Democrats must continue to drive our party politically and intellectually. That's just what we intend to do at the DLC and PPI.

That's why we're expending so much energy and resources to building our network of the next generation of New Democrat leaders in Congress and all across this country.

We all know that the most exciting and significant development in Congress in the past three years has been the establishment and the success of the New Democrat coalition under the leadership of Cal Dooley, Jim Moran and Tim Roemer. We've always been strong in the United States Senate with leaders like Joe Lieberman and Jon Breaux, and we're getting stronger. Every new Democrat elected to the Senate in 1998 was a New Democrat. We're making important progress in gubernatorial elections as well. Last year in Georgia, South Carolina, Alabama and in the big enchilada, California, we elected Democratic governors, every one of them a New Democrat. In fact, every one of the 17 democratic governors governs as a New Democrat.

But in many ways, our efforts to build our network around the country are just beginning. We saw some of the fruits of that effort in July with our fabulously successful national conversation, hosted by Lieutenant Governor Kathleen Kennedy Townsend in Baltimore, where we had 175 of America's most exciting and talented future leaders to demonstrate that the future of our movement is in good hands.

It's critical now that we continue to build that network at the state and local level. In an era of decentralization, of economic and political power, the impetus for political reform and innovation will come increasingly from the states and localities. The actions of state and local New Democrats will increasingly be the face of our movements that most Americans see in their own communities and in their everyday lives.

For that reason we've launched our DLC leadership workshop program; our effort to teach state and local leaders about the values and principles of the New Democrat movement. With your help, that program got off to a great start this year in ten states. Next year we need to bring it to scale.

And if we're going to shape politics for the information age, we need to operate in the information age. We intend to do that too. Next month, if all goes well, we hope to sponsor, in

partnership with Excite.com, an Internet search engine with 38 million subscribers, the first- ever online video town meeting.

Later this year we will undertake a major expansion of our website, so that we can better serve and better connect our New Democrat community all across this country and increasingly around the globe. As important members of that community, we need your help in that undertaking. Don't put your hand on your wallet; I'm going to ask you for some ideas, not for money. In your packets you will find a survey sheet -- this one -- that has been put together by our web team. I hope you'll take a minute and fill it out and drop it into one of the boxes marked surveys, or give it to a DLC or PPI staff member. We need your input.

I said a minute ago that if we are going to hold on to the political center we have to continue to push progressive reform. And as Joe Lieberman has outlined, that's really why we are here today. Last night we heard the President tell us that the unfinished business in the modernization of our Democratic Party is on the issue of how we respond to the new global economy. Most Democrats today have moved to the New Democrat position on managing the economy, fiscal discipline, welfare, crime, streamlining government, educational standards and so many others. But our party remains sharply divided on trade and globalization.

That division has hurt our party. It hurt our party and it hurt America in 1997 when it was the lack of Democratic support in the House of Representatives that denied a Democratic president the authority he needs to negotiate trade agreements in America's best interest, in the interest of American workers and American businesses. That was wrong.

Next month, when the WTO ministers meet on America soil in Seattle, it is incumbent upon all Democrats to help the President achieve the goals for that meeting he outlined so eloquently and passionately last night. We owe it to him, but more importantly we owe it to our country and to our party.

If we are going to be a majority party in the 21st Century, we need to be the party that leads America into the global economy, that stands for expanding trade and opening markets, that stands for expanding the winner's circle here at home, so that all Americans can reap the benefits of the new global economy.

In his speech last night, President Clinton challenged us in the DLC to help forge a new consensus on trade, so that our party can continue to move forward and not fall back. We accept that challenge, and I'm confident we can meet it. I'm confident we can meet it because I see a new willingness among those in our party that have supported expanded trade -- and those who've resisted it -- to seek common ground.

That's why we're delighted this afternoon to welcome Dave Smith, the Director of Public Policy for the AFL-CIO to our conference. Of course, New Democrats and the labor movement have had sharp differences over the years on trade and globalization. Everybody knows that. But I hope

discussions like the one we will have today can begin to bridge those differences. But even if differences remain, as we welcome Dave Smith here today, I want to repeat what I said in the heat of our battle over Fast Track in 1997: We should never forget for one moment that this country has always needed and will always need a progressive labor movement that fights for the interest of working families, whether they are members of unions or not.

As we begin our discussions today, it is important to understand that the differences in the Democratic Party on trade are based on real concerns. Most Democrats who are worried about globalization want to make globalization a positive development for all Americans. Certainly New Democrats, who are proud to stand in the Democratic Party's historic tradition of open trade, are very concerned about making sure that every American and every community has a chance to benefit from economic growth, change and prosperity.

The main purpose of this agenda today is to explore, as Senator Lieberman said, a Third Way approach to globalization that can unite progressives and all Democrats, a Third Way that rejects both the laissez faire belief that the global economy is self-regulating and the protectionist belief that America can withdraw from the global economy and maintain high living standards and economic growth.

Our Third Way philosophy on globalization is grounded in those three simple principles: expanding trade, having a new set of rules that help regulate trade in the global economy, and expanding the winner's circle here at home.

If Democrats can unite on this Third Way of rules-based internationalism and domestic empowerment, then we can help build a national consensus that links U.S. leadership abroad with growth and equity at home, just as Democrats have always done in the past. New Democrats, who have been the strongest advocates in our party for globalization, need to lead the way to forging that new consensus.

I'm confident that we will reach this new consensus on a Third Way on trade and globalization, because in the end, as the President made so clear last night, we really have no choice. The global economy is here to stay. It won't go away simply because we resist it, or we wish it away. Globalism is not some accident that came out of the blue. It is a product of two big forces: technological change, which is breaking down traditional barriers to exchange of goods, services and information and ideas, and political change, which is creating a convergence in most parts of the world toward the principles that we hold so dear: democracy and market economics.

So let's go to work. Let's meet the President's challenge. Let's forge a new consensus on globalization. Let's make that consensus yet another example of how New Democrats are leading our party into the information age, into the 21st Century.

And let us remember that for all we have accomplished, our New Democrat movement is still young, and our best days are still ahead of us.

In the 1990s the New Democrats reversed our party's fortunes in presidential elections. Now we must set our sights on making a modernized Democratic Party the majority party in America once again. Let's make the 21st Century the New Democratic century.

We can do that if we keep our sights set on the future. We know that if we let our memories outweigh our hopes, then we will become old. That will not happen, because we will not allow it to happen. It is the destiny of this New Democrat movement to remain young forever. The vital center starts here.

Thank you very much.

HAS SEEN

01-17-00

How to handle?

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time we enjoyed at the White House and at the gala at the
rich this memory. Thanks for the invitation to share it.

written me that you may be attending the King birthday
ay. Bob will be on the dais with you as he gives the
evening event, and at the head table with you at the luncheon where you
will speak. I write to simply make you aware of our family friendship from my days as soloist for Sinai
Temple in Michigan City, Indiana where his family attended as active members. I hope you may have
the opportunity meet him.

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I think Sarah is trying to reach Chelsea and hoping they might have a chance to get together, now that
both our daughters are living in Palo Alto. I know it would be a joy for Sarah to see Chelsea again and
share some laughs and memories! I believe Missy Kincaid is giving Chelsea the phone at Sarah's
apartment (650) 566-1842.

I was in Fayetteville on Monday and Tuesday this week as a candidate for the Director of Development
for the Fulbright College. I met David Gearhart and we enjoyed chatting about you. Also on the list of
Interview appointments was Dixie Kline! We had a good visit. I think I would enjoy the job and we'll see
how this develops. I'll keep you posted!

Hope to see you soon and that the New Year will hold great joy, good health, and much happiness for
you. Thanks so much for your caring attention to Susan Jamison. It means so much.

Thanks  Carolyn

THE PRESIDENT HAS SEEN

01-17-00

PHONE (202) 233-2040 FAX (202) 233-2050

National Institute for
Literacy*Someone should
write & clear
up misundr
standing***Fax****To:** The President**From:** Carolyn Staley**Fax:****Pages:** 3**Phone:****Date:** 01/13/00**Re:** MLKing Philadelphia visit/Rabbi Ourach**CC:**
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Dear Mr. President:

Happy New Year again! What a wonderful time we enjoyed at the White House and at the gala at the Lincoln Memorial. Will and I will always cherish this memory. Thanks for the invitation to share it.

A dear friend, Rabbi Bob Ourach, has written me that you may be attending the King birthday commemoration in Philadelphia on Monday. Bob will be on the dais with you as he gives the invocation at the Liberty Bell ringing event, and at the head table with you at the luncheon where you will speak. I write to simply make you aware of our family friendship from my days as soloist for Sinai Temple in Michigan City, Indiana where his family attended as active members. I hope you may have the opportunity meet him.

*Quire
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mck*

I think Sarah is trying to reach Chelsea and hoping they might have a chance to get together, now that both our daughters are living in Palo Alto. I know it would be a joy for Sarah to see Chelsea again and share some laughs and memories! I believe Missy Kincaid is giving Chelsea the phone at Sarah's apartment (650) 566-1842.

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Hope to see you soon and that the New Year will hold great joy, good health, and much happiness for you. Thanks so much for your caring attention to Susan Jamison. It means so much.

Thanks - Carolyn



481 South Gulph Road
King of Prussia, PA 19406

January 12, 2000
5 Shevat, 5760

To Carolyn Staley
Fax: 202-233-2050

Dear Carolyn:

It was good to talk to you before the turn of the century, and I hope we will have the chance to visit again in the new century. As I mentioned in our phone conversation, I have been asked as the President of the Board of Rabbis of Greater Philadelphia to participate in this year's Annual National King Day Holiday Benefit Luncheon and Liberty Bell Ringing ceremony, on Monday, January 17. As of now, President Clinton is supposed to be the Honorary National Bell Ringer and Luncheon Keynote Speaker. I have been asked to give an invocation with him at the bell ringing ceremony and I have also been invited to sit on the dais at lunch.

Attached is a copy of the King Association's letter of invitation, dated October 8, 1999. As we discussed, I would greatly appreciate it if you could possibly make the President aware of our relationship and friendship.

I hope you, Jerry and your entire family will have a happy and healthy new year, and I look forward to talking with you or seeing you in the not too distant future. Mom is well, and, as always, sends her love.

Sincerely,

Rabbi Robert E. Ourach

Attachment: 1
REO/lr

PS: I know the original letter of October 8 does not list the correct present location for the luncheon. The luncheon has been moved from the Adams Mark to The Apollo at Temple University.

Rabbi Robert E. Ourach
(610) 337-2222
(610) 337-5822 Fax

Sharon Forman-Toll
Education Director
(610) 337-2820
(610) 337-5822 Fax



THE PHILADELPHIA MARTIN LUTHER KING, JR. ASSOCIATION FOR NONVIOLENCE, INC.

1809 Spring Garden Street, Philadelphia PA 19130-3915 (215) 751-9300 • FAX: (215) 751-9141

October 8, 1999

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Rabbi Robert Ourach

President, Board of Rabbis of Greater Philadelphia

Temple Brith Achim

481 S. Gulph Road

King of Prussia, PA 19406

Dear Rabbi Ourach:

The Philadelphia Martin Luther King, Jr. Association for Nonviolence, Inc. will hold Delaware Valley's first major event of the new millennium. The 18th Annual National King Day Holiday Benefit Luncheon will be held at noon on Monday, January 17, 2000 at the Adam's Mark Hotel, City Avenue and Monument Road. This occasion is so important, that ecumenical leadership should be at the helm. Therefore, you and just three other religious leaders, collectively representing the region's religious composition, are invited to serve as Honorary Chairs of this nationally significant event.

Immediately preceding the luncheon is the annual Liberty Bell Ringing Ceremony. This year, President Bill Clinton has indicated an interest in being the Honorary National Bell Ringer and Luncheon Keynote Speaker, and has been invited. Honorary National Bell Ringers and Keynote Speakers in the past years have included Vice President Al Gore, retired General Colin Powell, Civil Rights Icon Mrs. Rosa Parks, South African Human Rights Activist Bishop Desmond Tutu. Last year, Tipper Gore, the Vice President's wife and a noted social activist in her own right, was our special guest before a luncheon attendance of more than 2,000 people.

Your leadership mirrors the commitment to humanity, for which Dr. King, also a clergyman, lived and died. Coupled with your service as an Honorary Chair of his namesake event, the concept of a "Beloved community" is truly amplified and the tone is set for the first King Day celebration of the 21st Century!

Your assistance in our efforts to recruit this year's Corporate Chair and CO-hosts will also be invaluable. Last year's Corporate Chair was the GMAC Mortgage Corporation.

On behalf of the King Association and all of the people it serves throughout the year, I extend our sincere appreciation for your consideration and acceptance of this invitation. If my staff or I can be of additional assistance, please do not hesitate to call us at (215)-751-9300. I look forward to your response soon.

Sincerely,

C. DeLores Tucker

Dr. C. DeLores Tucker
President & Founder

OCT 19 1999

Ourach-Board of Rabbis

To support the work and mission of the
Martin Luther King, Jr. Center For Nonviolent Social Change, Inc. • Atlanta, Georgia
Mr. Dexter King, President • Mrs. Coretta Scott King, Founder, President Emerita

Jan. 12 2000 08:21 PM P3

PHONE NO.

FROM :

THE PRESIDENT HAS SEEN
01-17-00

THE WHITE HOUSE
WASHINGTON

January 4, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLES M. BRAIN *CMB*
SUBJECT: CONGRESSIONAL CORRESPONDENCE

Attached for your review are letters from the following Members of Congress that I thought you would like to see.

- 1) Sen. Christopher J. Dodd (D-CT)
- 2) Rep. Sherwood L. Boehlert (R-NY)
- 3) Rep. James P. McGovern (D-MA)

*cc Geo Frampton
Do Ty -*

Copied

*Brain
Frampton
Podesta*

(Tab 2)

Dec. 1-'99

CHRISTOPHER J. DODD

United States Senator

Washington, D.C. 20510

Dear Mrs. Chisholm and Mr. President,

Jackie and I want
to thank you both for
the wonderful wedding gifts.
We shall always cherish the
beautiful picture frame and
the vase from Gladys. You were
very kind to think of us
while on your travels -

We also want to wish
you and Gladys the very
best for the holidays and the
New Year - Best always - Chris. & Jackie



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

SHERWOOD L. BOEHLERT
23RD DISTRICT, NEW YORK

12-21-99

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Dear Mr. President -
Your clean air initiative
deserves to be praised. I'm
doing just that.

The American people
expect us to protect the air we
breathe, the water we drink and
the food we eat. Good intentions
alone won't do the job, it takes
specific, targeted action. Thanks
for taking it.

Best,
Sherry

P.S. - Watch Syracuse this basketball
season!



Dec. 10, 1945

James P. McGovern

Dear Mr. President.

Thank you for being part of yesterday's ceremony in Worcester to honor our fallen firefighters - Your speech meant so much to the families and to our city. I will never forget your compassion - and neither will they. With respect and friendship -
Jim

This stationery and mailings are privately paid for by the Elect Congress for McGovern

01-17-00

Handwritten: ~~File~~
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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 13, 1999

REMARKS BY THE PRESIDENT
AT THE DEMOCRATIC LEADERSHIP COUNCIL GALAOmni Shoreham Hotel
Washington, D.C.*Handwritten:* Copied
Blumenthal
Podesta

9:30 P.M. EDT

THE PRESIDENT: Thank you. Let me say, first, it's good to be back. I want to thank Al From and Senator Joe Lieberman. And I have seen Senator Robb and Senator Breaux. I understand Senator Landrieu is here. I saw Cal Dooley, and I know there are some other members of the House here.

My former Chief of Staff and Envoy to Latin America, Mack McLarty, is here. I saw Harris Wofford, who has done a magnificent job with our national service program. And I know there are a lot of others here. But I want to say something about Sam Fried, the gentleman who introduced me. First of all, he gave a good speech, didn't he? I mean, he's got a great gift in capturing our vision. (Applause.) And he also did the nicest thing imaginable -- he said how much he liked my phrase about putting a human face on the global economy, which I use three times a day. He didn't tell you the truth. He gave me that phrase, Sam Fried.

So he could either be a speechwriter or a Senate candidate from Ohio, or anyplace else he wants to run. But I think we need to recruit people from the private sector to run for office with the DLC message -- (applause) -- and thank you my longtime friend.

This conference is designed to talk about trade in the global economy in the information society. And I want to talk about that tonight. But I want to try to put it into some sort of context.

I began a conversation with many of you, and led by and prodded by Al From, 15 years ago now. Tonight we know some things about the Third Way and about our credo of opportunity for all, responsibility from all, and a community of all Americans. We know some things tonight about that that we only believed 15 years ago. We know that if this credo is translated into meaningful ideas and real policies, that it's not only good politics, it's very good for America.

In 1992, when Al Gore and I went before the American people, we made an argument. And that's all it was; it was an argument. We said, we want to put people first. We want a country that's run by opportunity, responsibility and community. We want a new economic policy, we want a new crime policy, we want a new welfare policy, we want a new environmental policy, we want a new foreign policy. We want to make America strong, America united, America a responsible partner and leader for peace and prosperity and security in the world. And it was just an argument -- thank goodness it was a good enough argument, under the circumstances, to win the election, thanks to an awful lot of you.

Tonight, it is not an argument anymore. We took those ideas, we took the specific commitments of policy, we implemented them. We did what we said we would do in our very specific campaign -- and I've got to say something parenthetically, because I owe this to a lot of you in the DLC. I've always believed ideas matter. But when I ran for President, I violated all the conventional wisdom. We made more specific commitments on more issues than any candidate ever had who was a nominee of a major party. And a scholar of the presidency, Thomas Patterson, said that we had kept a higher percentage of those commitments -- even though we made a larger number of them -- than any of the previous five Presidents. (Applause.)

And what really mattered to me is, when I went back to New Hampshire in February of this year, on the seventh anniversary of the New Hampshire primary, people there -- who pay attention to what you say, because you have to ask every individual 14 times for his or her vote, or you can't play there -- and I love the place, you know, it was like running back home -- but person after person after person came up to me on the street that day -- not at the Democratic Party event at night, on the street -- and said, Mr. President, it's a good thing we've got an -- they had an unemployment rate of below 2.5 percent -- they said, things are good here, but the thing we really appreciate is, you did what you said you would do.

It would not have been possible if I had not been part of the DLC. It would not have been possible if we hadn't thought through in advance what it was we wanted to do. (Applause.) If we hadn't gone from an identification of our guiding values to an analysis of the situation, to a description of what we wanted to achieve, to a strategy, to specific tactics. This organization made that possible.

So let me say, first of all, it's not an argument anymore. The results are in. We have the lowest unemployment rate in 29 years; the lowest welfare rolls in 30 years; the lowest crime rates in 26 years; the lowest poverty rates in 20 years; the first back-to-back budget surpluses in 42 years; the highest home ownership in history; the longest peacetime expansion in history. It is not an argument any more; it works, and you should be proud of that. (Applause.)

The other thing I want to say is, a lot of our specific ideas have worked. The Vice President's leadership in reinventing government has given us the smallest federal establishment since 1962, even though the most active executive initiatives in memory.

We have proved you could grow the economy and protect the environment. I went down to Virginia today to a national forest and announced that we were going to close 40 million acres of the nearly 200 million acres of national forest to roadbuilding, to preserve water quality and biodiversity and recreational quality. (Applause.)

We have proved that you can empower poor people to make the most of their own lives, with the earned income tax credit, the empowerment zone program, the community development financial institutions, and now the New Markets Initiative.

AmeriCorps, which was a DLC idea -- national service -- has now enlisted over 100,000 young people in the service of our country at the community level. (Applause.) In five years. A goal that took the Peace Corps 20 years to reach.

We also supported the Brady Bill. We supported the Family and Medical Leave law -- two bills vetoed in the previous administration. And all of the objections to them turned out to be wrong.

So I say to you, you can be proud of that. We pursued an aggressive policy to become engaged in the rest of the world, to recognize that we live in an interdependent world in which we ought to lead. And whether it has been pursuing peace from the Balkans to the Middle East to Northern Ireland, to building self-capacity to prevent hardship through the Africa Crisis Response Initiative, to give the African nations the capacity to prevent future Rwandas -- to developing economic capacities in poor countries, to our efforts to combat terrorism and the spread of the weapons of mass destruction -- we have made progress. And I thank you all for that.

Now, by contrast, it is interesting to me to watch the debate in the present election, which I'm not a part of, and to see how people try to say, well, maybe there can be a new Republican Party like there is a new Democratic Party. Remember this: They're like we were in '92; it's just an argument.

The Democratic Party -- a heavy majority of the Democratic Party has come together to move forward. But their party still is overwhelmingly, including all those people they've got running for President -- they supported that tax cut, which would have completely undermined our ability to save Social Security and Medicare and get this country out of debt over the next 15 years, and which they said they could pay for, even though now they admit they can't even pay for the money they've already spent this year.

They all stuck with the NRA, and the Republican congressional leadership, when we tried to close the gun show loophole, after we proved that background checks do not undermine people's legitimate hunting and sporting interests.

They're over there opposing the hate crimes legislation in the face of painful evidence that we are still in the grip of bigotry. They're not for the Employment Non-Discrimination Act.

We see that on so many other issues. On education, we're for high standards, no social promotion, making failing schools turn around or close down, and thousands of charter schools. They're still hawking vouchers. Even though we know the federal government only provides 7 percent of the total educational expenditures in the first place.

On health care, they're out there all against the patients' bill of rights, even though they're own members who were doctors in the House of Representatives couldn't bear the position that the party had taken.

So I would say to you, I'm proud of where we are, I'm proud of where the Democrats are, I'm proud of where our party has gone. And I still believe that when it comes to defining the future, the American public will be with the new Democratic Party instead of the right wing of the Republican Party which is driving their agenda. (Applause.)

And we saw it again tonight when they rejected on a party-line vote the Comprehensive Test Ban Treaty, after it had been ratified by 11 of our NATO allies, including Britain and France -- nuclear powers -- endorsed by the President and four former Chiefs of Staff of the Joint Chiefs of Staff; 32 Nobel laureate physicists; the heads of our own nuclear weapons labs -- they basically said, don't bother me with that, I just don't think it's good. And it now has come out, of course, that there was a partisan commitment to vote against the treaty by more than enough to defeat it before it was ever brought up and anybody ever heard the first argument.

We are trying to work with Republicans, independents, and Democrats to move this country forward. That is the difference in the new Democratic Party. And we are still confronting a level of extremism and partisanship which is truly chilling for the long-term interests of America.

But tonight I ask you not to think about our differences with the Republicans, but to think about the one remaining issue on which we have not forged a consensus within our party. And that is how we're going to respond to globalization -- to the global economy, the information age, and the whole nature of how we relate to other countries in terms of economics, the environment and trade.

For all of our changes, we had overwhelming majorities of both parties in both Houses voted for the Balanced Budget Act. Overwhelming majorities of our party in both Houses voted for welfare reform. We are still not of one mind and we do not have a consensus on the way forward with trade. So tonight I would like to talk to you about what I think we should do and where I think we should be. Not only because I think we have serious responsibilities to the rest of the world, but because we know that until the Asian financial crisis, 30 percent of our growth in this marvelous expansion came from the expansion of trade and the opportunities that we found there.

I believe a strong, properly constructed global trading system is good for all the nations of the world. I know it's good for America because of the evidence of what has happened here. Today the worst of the global financial crisis is behind us, and I think the time has come to take an important step forward. I believe we can make our economy even stronger, and make open trade an even greater force for peace and prosperity in the new century.

I know some believe that isolating ourselves from the world will shield us from the forces of change that are causing so much disruption, so much instability, and so much inequality. I understand why they fear it, but I disagree that they can hide from it. America can only seize the problems of the new century if we shoulder our responsibility to lead to a responsible system of worldwide trade.

If we fulfill that responsibility, if we lead boldly and resolutely, pairing solid principles with concrete proposals, we can fulfill our promise in the global economy, and help other people as well. We can create for billions of people the conditions that allow them to work and live, and raise their families in dignity -- and, I might add, we can give those nations the kind of greater prosperity necessary to have more responsible environmental and public health policies.

We can expand the circle of opportunity, share the promise of prosperity more widely than ever, and in so doing also help to bring down walls of oppression in other countries. We can, in short, put a human face on the global economy.

How are we going to do it, and how are we going to begin? In a little more than a month's time, in Seattle, Washington, our nation will host a gathering of leaders from government, business, labor and civil society. That meeting of the World Trade Organization will launch a new round of global trade talks that I called for in my State of the Union address last January.

We've had eight such rounds in the last 50 years, helping trade to grow 15-fold worldwide. It's no coincidence that this period has seen the most rapid sustained economic growth ever recorded. Every trade round in this half-century has served to expand frontiers of

opportunity, to expand the circle of prosperity, and the rule of law and the spread of peace. I want the round we launch in Seattle to do the same.

But I also want it to be a new kind of trade round for a new century -- a round that is about jobs and development; a round about broadly shared prosperity, about improving the quality of life and work around the world. I want to ensure that the global trading system of the 21st century honors our values and meets our goals.

Of course, different nations will bring different perspectives and different interests. To reach a truly global agreement, of course we've got to work together in good faith. America will do its part.

Tonight, I want to set out our agenda for Seattle, and the ways we intend to expand opportunity -- from the world's oldest business, farming, to its newest, electronic commerce.

First, we want to ensure that in this round agriculture is treated as fairly as other sectors in the global economy. That's long overdue. In America, farmers are the lifeblood of our land, as they are in so many other places. They help to fuel our unprecedented prosperity.

Unfortunately, too few of our farmers are reaping the bounty they themselves have sown. Flood and drought and crop disease, as well as the financial crisis in Asia, have threatened the livelihoods not only of many farmers, but of some entire farm communities.

Every American has a stake in the strength of agriculture. So let's be clear: one way we can revive the rural economy in America is to open markets abroad. The family farmer in America finds trade not an abstraction. It is vital to the bottom line, and to their survival.

America is the largest exporter of agricultural products in the world. One in every three acres planted here is growing food for abroad. Five years ago, during the last trade round, we joined with our trading partners to put agriculture on the WTO's agenda. In Seattle, we should move forward fairly but aggressively to expand our opportunities for farmers and ranchers.

We must eliminate export subsidies. All farmers deserve a chance to compete on the quality of their goods, not against the size of other countries' government grants. In the European Union, fully half of the overall budget is spent on agricultural subsidies. The EU accounts for 85 percent of the world's farm export subsidies -- 85 percent. This stacks the deck against farmers from Arkansas to Argentina to Africa. In Seattle, we'll work to end this unfair advantage, and level the playing field. (Applause.)

At the same time, we have to lower tariff barriers. Tariffs remain much too high and, on average, they're five times higher abroad than they are in America. And we must work to reduce the domestic supports that distort trade by paying farmers to overproduce and drive prices down. These steps will help farmers to produce the vast and varied variety of food, for the best possible prices. The benefits will accrue not just to them, but to the global fight against hunger and malnutrition.

We should also see that the promise of biotechnology is realized by consumers as well as producers, and the environment, ensuring that the safety of our food will be guaranteed with science-based and transparent domestic regulation -- and maintaining market access based on that sound science.

Second, we can lift living standards worldwide if we level the playing field for goods and services. Manufacturing remains a powerful engine of our own economic growth; it generates nearly a fifth of our GDP and two-thirds of our exports. It employs more than 18 million Americans in good jobs.

This sector has grown since 1992, accelerated greatly by expanded trade, boosted by agreements made at previous trade rounds. If the Asian crisis has hurt our manufacturers -- and it certainly has -- it's because expanded trade is vital to their economic health, and it will remain so.

Since 1948, we have cut major industrial nations' tariffs on manufactured goods by 90 percent. Where they remain too high, we can do better, beginning in Seattle where we'll join other nations in pressing to lower barriers even further -- some entirely and immediately.

Eight key industries, from environmental technology to medical instruments to chemicals to toys, stand ready to take this step now. They account for nearly a third of our exports. So let's take that step at Seattle and set ambitious goals for other manufacturing sectors.

And there's one special aim we should achieve at Seattle: we should follow the lead of Korea and Hungary, and work together on an agreement to promote transparent procedures and discourage corruption in the \$3.1 trillion government procurement market worldwide.

We should set equally ambitious goals for services. Trade is no longer just agricultural and manufactured goods. It's construction and distribution and entertainment. America is the world's largest exporter of services, in quantity and quality. And though we've made really important advances in agreements on financial and communication services, too many markets remain closed to us. In Seattle, I want to open those markets more fully, and unlock the full creative and entrepreneurial potential of our people.

Third, we have to have a trading system that taps the full potential of the information age. The revolution in information technology can be the greatest global force for prosperity in this century. Last year in the U.S. alone, electronic commerce totaled about \$50 billion. That number may reach \$1.4 trillion in three years. Three years later, almost half our work force will either be employed by the new information industries, or rely on their services and products.

Around the world, the number of Internet users may reach 1 billion in five years. Now, currently, no country charges customs duties on telephone calls, fax transmissions, e-mail or computer links when they cross borders. That's the way it should be. The lines of communication should not crackle with interference.

Last year, the world's nations joined the U.S. in placing a moratorium on tariffs on e-commerce. In Seattle, we should pledge to extend that ban and reach a second agreement to eliminate remaining tariffs on the tools of the high-tech revolution.

Fourth, as I have often said, in the immortal words of Sam Fried, we must put a human face on the global economy. We're Democrats; we've got to make sure this deal works for ordinary people. We need to ensure working people everywhere feel they have a stake in global trade; that it gives them a chance for a better life; that they know that spirited economic competition will not become a race to the bottom, and labor standards and environmental pollution.

I know to people in some nations open trade seems at odds with these basic human goals, but I think the opposite is true. A strong system of trade and a dialogue like the one we'll begin in Seattle are our best means to achieve those goals.

For those of us who believe the global economy can be a force for good, our defining mission must be to spread its benefits more broadly and to make rules for trade that support our values. It is nothing more than an international commitment to doing what we're trying to do here with the New Markets agenda and with the empowerment zones. I really believe if we work it right we can bring the benefits of enterprise to the people and the places in America that have not yet felt it -- from Appalachia to the Mississippi Delta to the Indian reservations to the inner cities. (Applause.) And I feel that way about the rest of the world.

So I ask you to support our efforts to have international organizations work to protect and enhance the environment, while expanding trade; and to have a decent regard for the need to have basic labor standards so that people who work receive the dignity and reward of work.

The American agenda in Seattle includes a thorough review of the round's environmental impact, as well as win-win opportunities that benefit both the economy and the environment. We will continue to ensure that WTO rules recognize our right to take science-based health, safety and environmental measures even when they are higher than international standards.

In Seattle, the WTO should also create a working group on trade and labor. And I know you're going to have some labor people here tomorrow, and I congratulate you on that. We have got to keep working on this and banging our heads together until we reach a consensus that is consistent with the reality of the modern world and its opportunities, and consistent with the values that we both share.

How can we deny the legitimacy or the linking of these issues, trade and labor, in a global economy? I think the WTO should commit to collaborate more closely with the International Labor Organization, which has worked so hard to protect human rights and to ban child labor -- and with the International Environmental Organization. To facilitate this process, in the last year or so, I have gone to Geneva twice -- once to talk about new trade rules for the global economy, and once to meet with the ILO to talk about the necessity of banning child labor everywhere in the world.

This organization needs to be on the forefront of integrating our objectives and trying to build a global economy that will promote open trade and open prosperity and lift the standards of living and the quality of life for people throughout the world. They should be reenforcing efforts, not efforts in conflict.

I also believe that the WTO itself has got to become more open and accessible. You know, every NGO just about, with an environmental or a labor ax to grind is going to be outside the meeting room in Seattle, demonstrating against us, telling us what a terrible thing world trade is. Now, I think they're dead wrong about that. But all over the world, when issues come up, a lot of people representing these groups have some legitimate question or legitimate interest in being heard in the debate. And the WTO has been treated for too long like some private priesthood for experts, where we know what's right and we pat you on the head and tell you to just go right along and play by the rules that we reach.

The world doesn't work that way anymore. This open world we're trying to build, where anybody can get on the Internet and say anything, is a rowdy, raucous place. And if we want the world trading system to have legitimacy, we have got to allow every legitimate group with any kind of beef, whether they're right or wrong, to have some access to the deliberative process of the WTO. And I hope you will support that. (Applause.)

Finally, let me say, we have got to expand the family of nations that benefit from trade and play by the rules. In Seattle and beyond, we have to be guided by Franklin Roosevelt's vision -- a basic essential to a permanent peace is a decent standard of living for all individual men and women and children in the world. Freedom from fear is eternally linked with freedom from want.

It was this understanding that led the generation of postwar leaders to embrace what was still a revolutionary idea: that freedom, not just of commerce, but of governments and ideas and human transit, was the surest route to prosperity for the greatest number of people. This new round should promote development in places where poverty and hunger still stoke despair.

We just went over, I think in the last 24 hours, 6 billion people on the face of the Earth. Half of them live on \$2 a day or less; 1.3 billion live on \$1 a day or less. One of the reasons that I want to expand the reach of global trade is because I want more people to be able to lift themselves up. One of the reasons I want to expand the reach of global technology is that I believe if we work to bridge the digital divide here at home and around the world, we can help poor people in poor countries skip 20 or 30 or 40 years in the ordinary pace of development because of the explosion of technology. And I believe we can prove to them that they can grow a middle class and grow a wealthy country without having to pollute the atmosphere, as their forebears did in the industrial era. I believe that. (Applause.)

But for those who share our views and our party, we must make clear there is no easy way to this. We can't get this done if we're not willing to build a global economic system and tear down these trade barriers and trade with people more and give them access to our markets and try to get our technology and our investments into their markets and build the right kind of partnership.

We can't just say we want all these things and then always find some reason to be against whatever trade agreement is worked out. We have got to have a global trading system, and we're either going to keep pushing it forward or we're going to fall behind.

Let me just say, to kind of amplify this, there are some specific things that I hope we will do to show that we're acting in good faith. I hope we will get congressional approval in this session of Congress to expand our trade with Africa and the Caribbean Basin. I have proposed two initiatives there. There is broad bipartisan support for it. I hope and pray we will get that out of this session of Congress. (Applause.)

I hope we will bring more countries into the WTO in Seattle. Thirty-three nations are applying for WTO membership today. Two-thirds once had communist command and control economies. It is remarkable and hopeful to all the -- listen to this -- Albania, Estonia, Georgia, Kyrgyzstan and Mongolia wanting to enter the world trading system.

This is not charity. This is an economic and political imperative. It is good for us because we want more trading partners. Never forget your country has 4 percent of the world's people and 22

percent of its wealth. We've got to sell something to the other 96 percent if we want to hold on to our standard of living. And the more people we bring into our network of possibility, the better they do, the better we'll do. It is very, very important to remember this.

It's also important to remember that as these countries that are new to the experience of freedom and the rule of law, and cooperation with other nations, that has no element of coercion in it. They are new to all this -- the more they have chance to be a part of it, the more they will like it and the more they will become a part of an international system of democracy and law that is so important to the future of our children.

In that same spirit I am still determined to pursue an agreement for China to join the WTO on viable, commercial terms. (Applause.) Again, not as a favor, but to reinforce China's efforts to open, to reform its markets, to subscribe to the rules of the global trading system, and, inevitably, as more and more people have access to more information, more and more contacts to feel that stability comes from openness and not repression of thought or religion or political views.

What is at stake here is more than the spread of free markets or the strength of the global economy -- even more than the chance to lift billions of people into a worldwide middle-class. It is a chance to move the world closer towards genuine interdependence rooted in shared commitments to peace and reconciliation.

This is a moment of great promise, a moment where we have to lead. A lot of things happen in this country that send mixed signals to people around the world that I regret. And most of them come out of the initiative of the other party in Congress -- the failure to pay our U.N. dues; the failure to embrace the Comprehensive Test Ban Treaty; the abysmal budget for foreign affairs, when we can spend a little money in helping our neighbors and get untold benefit; and the zeroing out of our market-oriented initiative to meet our responsibilities to reduce global warming.

But one thing is still on our plate: we have not granted renewed fast-track authority; we are not pursuing the Free Trade Area of the Americas; we haven't yet passed the Africa Trade Initiative and the Caribbean Basin one, although I think we might get that done -- because in our party, we have not been able to resolve these conflicts.

They've got a lot more work to do in their party than we do in ours, as I explained at the outset. We have worked through where we are on budget discipline, on economic management, on foreign policy, on environmental policy, on crime policy, on education policy, on health care policy. There has been an enormous modernization of the thinking and direction of the Democratic Party, and we can be proud of it. But we can't go to the American people and say, we have a whole vision for the future that will be a unifying vision until we get over this one last big hump.

This is an exciting issue, and it is a difficult issue. And the labor people who will come here tomorrow have real interests at stake which ought to be heard. The environmental community people have real interests at stake which ought to be heard. But we're going to globalize one way or the other, and we'll be at the front of the line, or the back, or somewhere in the middle. And I believe it is profoundly in our interest and in the interests of the world for America to be leading the pack.

And I promise you, if we take initiative, it will lead to a

cleaner environment and higher labor standards, and more values that are consistent with ours, including letting more people be part of the process.

So what you are doing here is real, real important. It's our last big challenge to be the party that reflects the values, the heart and the dreams of 21st century America.

Good luck and God bless you. Thank you. (Applause.)

END

10:07 P.M. EDT

THE PRESIDENT HAS SEEN

01-17-00

00 JAN 14 PM 3:00

THE WHITE HOUSE

WASHINGTON

January 14, 2000

Copied
Reed
Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Cynthia Rice

SUBJECT: Second Chance Homes

*Reed
per our conversation
on what you can do
for*

We understand Jane Fonda would like to talk to you about second chance homes. Ms. Fonda has been very involved in teen pregnancy prevention efforts, and is the founder of the Georgia Campaign for Adolescent Pregnancy Prevention.

Background on Second Chance Homes

As you know, the 1996 welfare law included a provision you championed to require unmarried minor parents to attend school and live with a parent, guardian or adult relative in order to receive TANF, unless these options are not available or appropriate. For teens unable to live at home or with relatives, states must provide access to an adult-supervised and supportive living arrangement such as a second chance home. States can use TANF funds to pay for these homes.

To date, several states (including Massachusetts, Nevada, New Mexico, Rhode Island, and Texas) have statewide second chance homes programs, and at least 16 states have local programs. Rough estimates show that current programs are serving about 1,000 teen mothers each year.

What More We Can Do

This fall, we began to consult with experts about what more we could do to encourage second chance homes. (One of these experts, Kathleen Sylvester, formerly of the Progressive Policy Institute, has also been working with Fonda, which may have prompted this call.) Fonda may be calling to urge you to do more in general on second chance homes; or she may be urging you specifically to include new funding in your budget.

In general, we do not think funding is an obstacle to the expansion of second chance homes. States currently have \$4.2 billion in unobligated TANF funds, or 11 percent of the total awarded, that they could devote to these efforts. Thus, we did not recommend to you any new spending in the FY 2001 budget.

However, there are several very helpful steps we believe we could take by executive action, and once the budget is completed, we were planning to work with HHS and HUD to develop such a package, which we believe could include:

- ✓ 1. Issue HHS guidance to states making clear how they can use TANF and other federal funds for second chance homes. In our experience, guidance like this often spurs action by providing reassurance to state budget officials and fodder for state advocates.
- ✓ 2. Direct HUD to make certain surplus properties available, at a 50 percent discount, to nonprofit groups that want to purchase them to create second chance homes. Since TANF funds cannot be used to purchase property, this action would provide another way to subsidize such purchases. (It is not necessary to purchase property in order to run a second chance home, of course – TANF funds may be used to rent property for such homes – but this action would provide additional options.)
- ✓ 3. Direct HHS to use existing evaluation funds to research the impact and effectiveness of these programs. We believe more states and communities will be willing to put homes in place if there is more concrete evidence of their effectiveness in helping teen parents become self-sufficient and prevent additional out-of-wedlock births.

Note that we have not yet vetted these ideas with the agencies, but plan to very shortly.

Support for Second Chance Homes

There is widespread political support for second chance homes. Senator Moynihan and Senator Bradley have both proposed new funding for second chance homes (Moynihan at \$45 million a year and Bradley at \$300 million a year). Governor Bush, as part of his faith-based platform, said he would provide a block grant to states (amount unspecified) for pilot maternity homes.

S. DANIEL ABRAHAM

100 JAN 17 1999

President William J. Clinton
The White House
Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

There is currently a tremendous body of knowledge that links food and nutrition to health and disease. Never before has there been a greater need and public interest to apply this knowledge to promote the health and well being of the American population. As President, you could have a major impact on the health of the nation by convening a White House Conference on Nutrition and Health in year 2000.

Only once before, in 1969, has such a conference been held. It had a profound effect on the nutrition and health agenda of the nation. A White House conference has been widely advocated and would be enthusiastically supported by the Institute of Medicine of the National Academy of Sciences, the National Association of Consumer, producer and marketing organizations, and many other groups. This proposal is under consideration.

The USDA and HHS are planning a National Summit for May 30-31, 2000, in Washington, D.C. The proposed Summit objectives would best be served by a White House Conference with participation by the President, Vice President Al Gore, and Tipper Gore.

This national nutrition summit is intended to accomplish the following: (a) to identify continuing challenges in the areas of Food, Nutrition, and Physical Activity; (b) to identify continuing challenge areas; and (c) to focus on the effects of good and poor nutrition on the current epidemic of obesity. The poor quality of the American diet is placing Americans at increased risk for diabetes, heart disease, hypertension, osteoarthritis, gallbladder disease, and high cholesterol.

Approximately 300,000 deaths each year can be attributed to obesity. The direct health care costs of obesity are estimated to be approximately 4.3% of all direct health care costs, a figure on the order of \$40 billion. Moreover, obesity is more common among certain ethnic minorities, women (particularly African American, Native American, and Hispanic women), and the poor.

01-17-00
Send to Burkhardt for reply?

Yes ☒
No ☐

S.C.

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S. DANIEL ABRAHAM

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The White House
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Washington, D.C. 20500

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Only once before, in 1969, has such a conference been held. It had a profound effect on the nutrition and health agenda of the nation. A White House conference has been strongly advocated and would be enthusiastically supported by many members of congress on both sides of the aisle, by the Institute of Medicine of the National Academy of Sciences, and by hundreds of consumer, producer and marketing organizations. Your own Domestic Policy Council has this proposal under consideration.

The USDA and HHS are planning a National Nutrition Summit that is tentatively scheduled for May 30-31, 2000, in Washington, D.C. The public hearing testimony indicates that the proposed Summit objectives would best be served through the prominent involvement of a White House Conference with participation by the President, and Vice President, and possibly Hillary Rodham Clinton and Tipper Gore.

This national nutrition summit is intended to provide an opportunity (a) to highlight accomplishments in the areas of Food, Nutrition, and Health, especially those achievements of this administration; (b) to identify continuing challenges and opportunities for the nation in these areas; and (c) to focus on the effects of good and poor nutrition on health and longevity, and the current epidemic of obesity. The poor quality of nutrition in America today is placing Americans at increased risk for diabetes, heart disease, hypertension, osteoarthritis, gallbladder disease, and high cholesterol.

Approximately 300,000 deaths each year can be attributed to obesity. The direct health care costs of obesity are estimated to be approximately 4.3% of all direct health care costs, a figure on the order of \$40 billion. Moreover, obesity is more common among certain ethnic minorities, women (particularly African American, Native American, and Hispanic women), and the poor.

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With disease prevention becoming more important in this time of health care reform proper nutrition can dramatically improve the lives of millions of Americans. The ideal time for such a conference is now. The only way we can truly succeed at ensuring a healthful diet for all Americans is to initiate a national dialogue and come together in a public/private effort to strengthen our national nutrition policies. A White House conference could project a food, nutrition and health agenda for the 21st century and beyond. Such a White House Conference could be announced at your State of the Union Address and would be a vivid demonstration and legacy of the commitment of your administration to the health of the American people.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dan".

S. Daniel Abraham

CC: John Podesta, Chief of Staff

Dan Glickman, Secretary of Agriculture

Donna Shalala, Secretary Health and Human Services

Hon Tom Daschle

Hon Patrick J Leahy

01-17-00

A P O S T L E*Copy to
HRC
Podesta
PersFile*

Tuesday, January 11, 2000

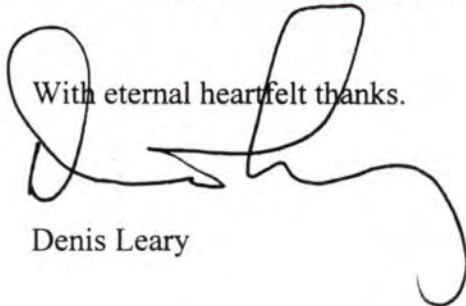
✓

Dear Mr. President:

*Copied
HRC
Podesta
PersFile
Original to
Burkhardt
for reply*

My cousin Jerry Lucey, along with one of my oldest friends Tommy Spencer, were two of the six firefighters lost in the tragedy of December 3, 1999 in Worcester, Massachusetts. I am writing to thank you for your compassion and caring during the memorial service at the Worcester Centrum. Your words onstage captured our pain and framed it so beautifully that, for the first time in six days, we were able to stop crying and truly reflect on the courage of our six fallen heroes. I know that my Aunt Bridie, my Uncle Jerry and my cousin Noreen were especially touched by your personal comments backstage and that they and the firefighters felt your mere presence at the event brought great honor and dignity to an otherwise difficult task. Personally, I will never forget the lesson I learned that afternoon - how a true leader is someone powerful enough to reach out and touch the people he serves at the worst moment in their lives, offer his helping hand and begin the healing. As Jerry's two sons grow into young men they will forever remember their Dad as a true hero and never forget the day the President of the United States told the world that it was so.

With eternal heartfelt thanks.



Denis Leary

01-17-00

Send to Burkhardt for reply?

Yes ☒No ☐

S.C.

01-17-00

Copied

Moore

Podesta

(p.1)

January 14, 2000

MEMORANDUM TO THE PRESIDENT AND VICE PRESIDENT

FROM: Minyon Moore

SUBJECT: Weekly Political Report

ALABAMA

Former First Lady Folsom raises \$250,000 for congressional race. On Tuesday, former Alabama First Lady Marsha Folsom (D) announced she has raised \$251,000 since October for her campaign against Rep. Robert Aderholt (R). She noted that more than 90% of her campaign contributions have come from Alabama.

ARKANSAS

Slater might run for office. In an interview with the *Arkansas Democrat Gazette* published on Monday, Secretary Rodney Slater said he plans to remain at the Department of Transportation through the end of President Clinton's term, but would not confirm his plans after that. Secretary Slater has spoken of running for statewide office in the past. In the interview, he said that with the '98 election of Senator Blanche Lambert Lincoln (D), he believes that Arkansas "is clearly ready for the kind of candidacy I'd try to put together," adding that he believes he would have "a strong case to make for the support of the people of my native state." The next statewide office election is in 2002, when both the offices of the governor and the Senate seat held by Tim Hutchinson (R) are up.

Rep. Dickey's remarks to black farmers draw criticism. Last Saturday, Rep. Jay Dickey (R) gave a speech to the Black Farmers and Agriculturists Association that has been drawing sharp criticism all week. The farmers have been asking Dickey for help to force the federal government to issue payments on a lawsuit settlement negotiated nearly a year ago. Dickey told the group that because they haven't voted for him, they haven't supported him, it makes it hard for him to help them. Dickey's four Democratic challengers and the state Democratic party quickly issued denouncements of his statements to the farmers. On Wednesday, Governor Mike Huckabee (R) defended Dickey, saying, "Jay Dickey has done two things. He has told people the truth in candor, and he's worked very hard to help them." On Friday, the *Arkansas Democrat Gazette* published an editorial calling Dickey "our own Bulworth," in a reference to the movie "Bulworth," in which a politician suddenly starts saying what he is really thinking.

Challenger to Dickey has raised \$380,000. On Tuesday, state Senator Mike Ross (D) reported that he raised more than \$380,000 in 1999. He says his fundraising sets an Arkansas record for money raised by a challenger in a non-election year. Other Democrats in the race include former state Rep. Judy Smith, former TV consumer affairs reporter Dewayne Graham, and Bruce Harris, who was the former chief of staff for Rep. Marion Berry (D-01).

DELAWARE

Carper fundraising keeps pace with Roth. Senator William Roth (R) raised more than \$600,000 in the past six months, bringing his total raised for 1999 to \$1 million, a relatively modest amount for the Chair of the Senate Finance Committee. Meanwhile, Roth's opponent, Governor Tom Carper (D), raised \$613,000 since his announcement in mid-November.

THE WHITE HOUSE

WASHINGTON

January 14, 2000

00 JAN 14 4:21

THE PRESIDENT HAS SEEN

01-17-00

MEMORANDUM FOR THE PRESIDENT AND THE VICE-PRESIDENT

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

SUBJECT: Special Envoy for the Americas Weekly Report

Copied
MacKay
Podesta
(p.1)

Colombia: With Secretary of State Albright and General McCaffrey, I participated in the event to announce your Supplemental Budget request for Colombia. The announcement provided a strong signal of U.S. support for the Pastrana Administration. However, it has garnered mixed responses from the Human Rights community. We must now be prepared to cooperate with the Congress to ensure that the proposal receives timely consideration. I will engage with my former colleagues in Congress to ensure bipartisan support for this crucial package.

CBI: My staff spoke with leadership and committee staff, both majority and minority, about the CBI legislation, issues for resolution and timing for passage. Both the House and Senate expressed strong desire for early consideration (February), a willingness to consider compromise language, and eagerness for Administration leadership -- similar to our effort in October. We also spoke with industry representatives and other constituencies. Some pointed out that quick passage of CBI would benefit industries that are otherwise concerned about the impact of China WTO, possibly subduing their opposition during the eventual debate. Mention of CBI in the State of the Union address would signal Administration priority for early action on CBI.

Very
Important

Honduras and Nicaragua: I met with Honduran Foreign Minister Roberto Flores-Bermudez. He was in Washington for talks on the Honduran-Nicaragua territorial dispute related to the recent Honduran ratification of a 1986 maritime treaty with Colombia.

The Foreign Minister praised OAS Envoy Luigi Einaudi for his efforts to "mediate" the dispute. I expressed appreciation for Honduras' willingness to seek peaceful resolution of these matters before an international tribunal and for its restraint in responding to the retaliatory economic sanctions imposed by Nicaragua on Honduran goods. I emphasized that a trade war would only serve to destabilize the region and undermine further the cause of regional integration.

I also met with Foreign Minister Eduardo Montealegre of Nicaragua shortly after meeting with the Honduran Foreign Minister. He asserted that Nicaragua intended to seek resolution of its conflict with Honduras under applicable provisions of international law and diplomacy. While echoing appreciation for the ongoing OAS initiative, the Foreign Minister expressed little optimism that these discussions would result in mutually agreeable outcomes.

00 JAN 14 PM 5:25

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

January 14, 2000

WEEKLY MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER *LC*

CC: MARIA ECHAVESTE

SUBJECT: INDIAN COUNTRY AND EAST ARKANSAS

INDIAN COUNTRY

Kennewick Man

- The Department of the Interior today announced that the human skeletal remains found in the Columbia River are to be considered Native American for the purposes of the Native American Graves Protection and Repatriation Act of 1990. The decision is based upon recent radiocarbon dating, analysis of a lithic point embedded in the left hip and other anthropological and sediment analysis. Interior also announced that the bones are of an ancient man who lived and died in the Pacific Northwest more than 9000 years ago.
- Interior is now in the midst of studies to address the issue of cultural affiliation or shared group identity between Kennewick Man and any present day tribes that have historically inhabited the area in the State of Washington around the confluence of the Columbia and the Snake Rivers. Interior has not yet determined whether DNA testing is possible given the low levels of collagen in the bones.
- It is not clear whether the scientists will continue to pursue their lawsuit

Pine Ridge

- President Salway and other Oglala Sioux tribal leaders visited Washington this week. I held a meeting here to report on our progress with the initiatives that you had announced during your visit to Pine Ridge. Representatives from Interior, the Small Business Administration, and Commerce also attended. President Salway gave us a "wish list" for an additional \$888,000 million for Pine Ridge. We explained to him that we are working very hard on the EZ and the Visitors Center.

WHS

01-17-00

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Cutler

Podesta

(p.1)

01-17-00

DISABILITY OUTREACH

Donna McNamee Running for Ohio State Senate. McNamee, who was on stage during Work Incentives signing ceremony, recently filed papers to run against Robert Gardner, term Madison Republican. "It's been one of my dreams to run for public office" she told *Cleveland Plain Dealer*. "I've been itching to do this for a long time, but for a long time, I couldn't" -- because of the health care disincentives. She says the Work Incentives Improvement Act makes her candidacy possible. She and other advocates continue to rave about the signing ceremony at the FDR Memorial; they appreciated your remarks.

Copied
Cahill
Podesta

*ETHNIC OUTREACH***NSC Reviews Policies Toward Russia for Central and East European Coalition (CEEC).**

Responding to CEEC concerns that many Russian actions continue to destabilize its struggling democratic neighbors, NSC highlighted the Administration's view that the best way for Russia to pursue its security goals is to push ahead with integration into the international community. In regards to the conflict in Chechnya, NSC pointed to Administration efforts to make unequivocally clear to the highest levels of the Russian government that the autonomy and territorial integrity of neighboring countries cannot be violated. The Administration's firm commitment to the next round of NATO enlargement and continuing stabilization efforts in Southeast Europe were also highlighted.

*JEWISH OUTREACH***Press Now Reporting Miles Lehrman's Resignation as Chairman of the Holocaust Museum Council.**

Lehrman is committed to remain in his position until a suitable candidate is found, and a decision memo regarding potential candidates will be forthcoming. The press has not yet begun speculation about potential candidates, but Lehrman's suggested successor would be well received in the community.

LATINO OUTREACH

Hispanic Organizations Not Taking Public Stance on Elian Case. Major organizations -- including LULAC, LaRaza, MALDEF, NPRC, NALEO, and the Latino Civil Rights Center -- favor the process currently at work in enabling DOJ and INS to resolve the relevant issues.

RELIGIOUS OUTREACH

Meeting with New General Secretary of National Council of Churches. Former Rep. Bob Edgar (D-PA), a Methodist minister, has begun his term at NCC. Until April, however, he also continues as President of Claremont School of Theology. NCC's legislative priorities for the coming year are: reduction of Third World Debt; Hunger Relief Act; raise in minimum wage; reduction of gun violence; and fighting AIDS in Africa. They will also be helpful on hate crimes legislation and he made some useful suggestions on China/MFN. Edgar also offered to assist in any appropriate ways in the return of Elian Gonzalez to Cuba.

Should
Deputy
Cahill
Podesta
Lehrman

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Ibarra
Podesta

(p.1)

THE WHITE HOUSE
WASHINGTON

January 14, 2000

THE PRESIDENT HAS SEEN

01-17-00

ANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

SUBJECT: Office of Intergovernmental Affairs Weekly Report – January 10-14, 2000

STATE OF THE UNION

The United States Conference of Mayors (USCM) has agreed to conclude their Gala dinner prior to the start of your State of the Union speech on January 27, so that all 200 mayors can watch your speech together in a special venue that the USCM has arranged. IGA intends to build an extensive regional media opportunity for the mayors following the State of the Union. We are also planning pre-State of the Union briefings for select governors, mayors, and other elected officials. IGA is working with the Office of Communications to identify a location for your second post-State of the Union address on January 28.

INTERNET TAX MEETING

On January 13, IGA met with OVP, NEC, Treasury, and Legislative Affairs to review the current status of the Congressional E-Commerce Advisory Commission's on-going deliberations. We also discussed the Administration's response to the concerns expressed by the Democratic Governors at the meeting you convened on December 17, 1999.

HISPANIC ELECTED LOCAL OFFICIALS

On January 12, IGA met with Victor Hernandez (D), the new president of the organization of Hispanic Elected Local Officials (HELO) and other officers. This organization includes 900 members and is affiliated with the National League of Cities. IGA agreed to work very closely with HELO to build support for your policy initiatives. They also presented a HELO resolution opposing continued use of Vieques by the Navy for target practice.

GOVERNORS

Governor Thomas Carper (D-DE): The Health Care Finance Administration (HCFA), which has been working closely with Delaware state officials including Governor Carper's office, decided ~~this week to continue HCFA certification of the state's only psychiatric hospital~~, after significant progress was made by the hospital in addressing patient health and safety concerns. HCFA Administrator Nancy- Ann Deparle is expected to convey this news to Governor Carper today.

Governor Howard Dean (D-VT): Governor Dean wrote to you that he "remains committed to doing whatever he can" to help with the Administration's efforts to bring China into the World Trade Organization.



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

THE PRESIDENT HAS SEEN

01-17-00

January 14, 2000

MEMORANDUM FOR THE PRESIDENT

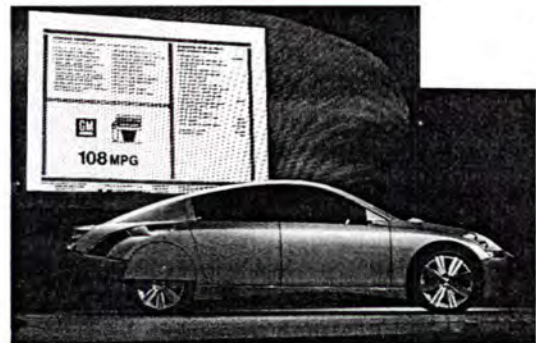
FROM: NEAL LANE *Neal/Lane*
CC: JOHN PODESTA
SUBJECT: OSTP WEEKLY REPORT

Capitol - Podesta

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Lane
Podesta

GM Surprises All With A Fuel-Cell Concept Car

On Wednesday (1/12) GM surprised the industry and government by unveiling its PNGV concept car. GM first introduced its 80 mpg Hybrid PRECEPT (the GM car I wrote about in a memo to you last week). Then GM introduced a surprise fuel-cell version of its Precept, which uses a new GM proprietary fuel-cell that matches the best in the world. It also uses a revolutionary new way – based on a hydride gel invented at GM's Rochester laboratories – to store hydrogen in a car in a low-pressure tank. This hybrid vehicle is capable of 108 miles per gallon (a 4x improvement over a comparable sedan with a standard gasoline engine) and has a range of 500 miles.



(p.1)

The government (DOE) committed approximately \$23 million to the fuel-cell work, which was 30% cost shared by GM, and accomplished during 1992-1996. GM's press release stated: "We're appreciative of the efforts of the U.S. Department of Energy and of PNGV to help move fuel cell technology out of aerospace and into industry."

Test on Kennewick Man Skeleton Suggests Native American Classification

The Department of the Interior yesterday released results of radiocarbon dating on the bones of Kennewick Man, placing their age at between 9,320 and 9,510 years old. DOI also said the remains should be classified as Native American under federal law, but that is unlikely to end a custody battle over the remains. The next step in the complex struggle between a coalition of five Northwest Indian tribes who want to bury the bones and the scientists who want to study them is finding out whether the ancient skeleton is culturally affiliated with modern tribes. A federal judge in Portland, Ore., has given the DOI until March 24 to decide if it will give permission for further study of the bones.

U.S.-China Science for Sustainable Development Forum

This week I led U.S. delegations to two meetings with the Peoples' Republic of China: the Vice President's Environment and Development Forum and the Joint Commission on Science and Technology. During the Forum, China, for the first time agreed to engage in a formal discussion of climate change, starting with the science issues; China also confirmed its commitment to a high level bilateral policy dialogue on climate change later this year.

THE PRESIDENT HAS SEEN

01-17-00

Weekly reports – Week Ending January 14, 1999

- ✓ Tab A cover and page 1 Baily, Podesta
- ✓ Tab C page 1 Sperling, Podesta
- Tab D entire report Reed, Liu, Podesta
- Tab E page 2 Frampton, Podesta
- Tab F page 1 Echaveste, entire report Ballentine, Podesta
- Tab G page 1 Lane, Podesta
- Tab H page 1 Ibarra, Podesta
- Tab K page 3 Cahill, Podesta ,
- Tab M page 1 Cutler, Podesta
- Tab N page 1 Mackay, Podesta
- Tab O page 1 Moore, Podesta

(Podesta gets copy of the whole report)

page 3 to Burkhardt for Reply

THE PRESIDENT HAS SEEN

01-17-00

THE WHITE HOUSE
WASHINGTON

January 15, 2000

MR. PRESIDENT:

Attached are the following weekly reports:

- (A) **Weekly Economic Briefing**
- (B) **Update on Global Markets/Interest Rates and Stock Prices**
- (C) **NEC**
- (D) **DPC**
- (E) **CEQ**
- (F) **Office of Environmental Initiatives**
- (G) **OSTP**
- (H) **Intergovernmental**
- (I) **Cabinet Affairs**
- (J) **Communications**
- (K) **Public Liaison**
- (L) **Race Initiative**
- (M) **Indian Country and East Arkansas**
- (N) **Special Envoy for the Americas**
- (O) **Political Affairs**

Lisel Loy 

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

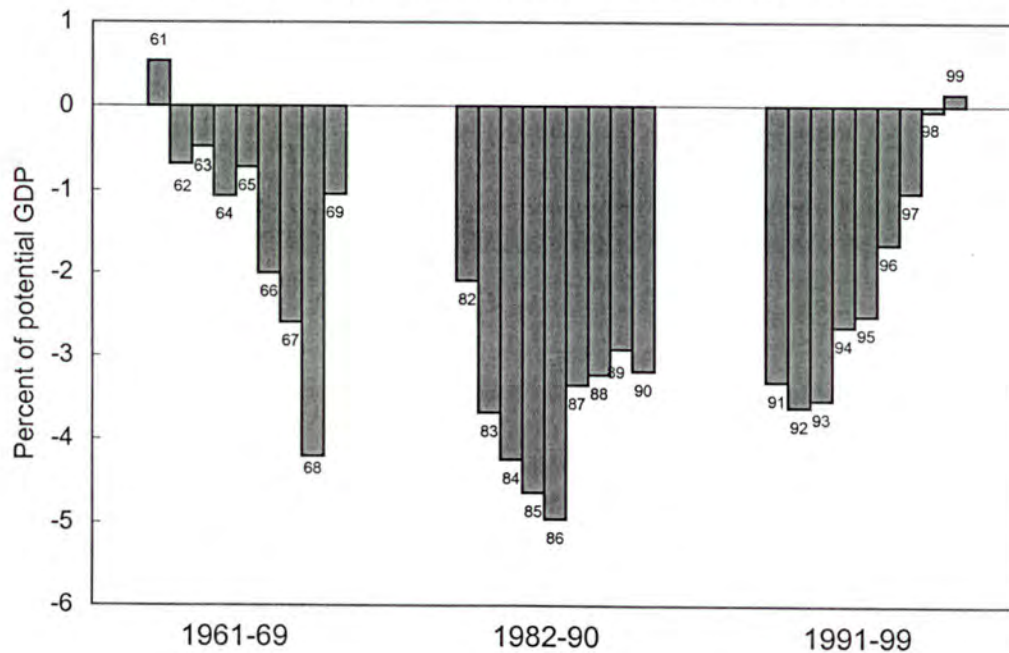
January 14, 2000

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(Cover +
page one only)

CHART OF THE WEEK

The Structural Budget Balance in Three Long Expansions



The structural budget balance has moved steadily from deficit to surplus over the last 7 years of this expansion. In the 1961-69 expansion, by contrast, the structural deficit grew larger until the 1968 tax increase; and the structural deficit was large throughout the 1982-90 expansion. (The structural deficit reflects adjustments to the deficit to remove cyclical and temporary factors; it measures what the deficit would be at full employment.) A Special Analysis in this Briefing discusses other indicators of fiscal restraint in this expansion.

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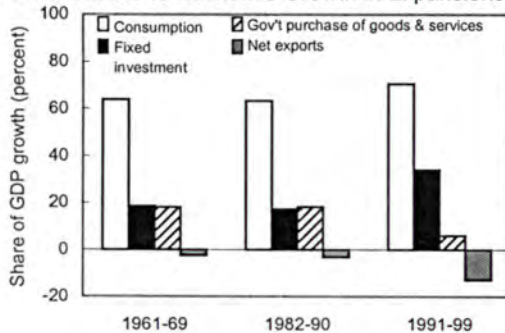
SPECIAL ANALYSIS**Fiscal Discipline and Economic Growth**

As shown in the Chart of the Week, the decline in the structural budget deficit in this expansion has been unusual compared with what happened in the other two long expansions. This reflects an unusual decline in federal expenditures relative to GDP.

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Contributions to growth. Growth in GDP can be disaggregated into the contributions of the major demand components: consumption, investment, government purchases, and net exports. In this expansion, the proportion of

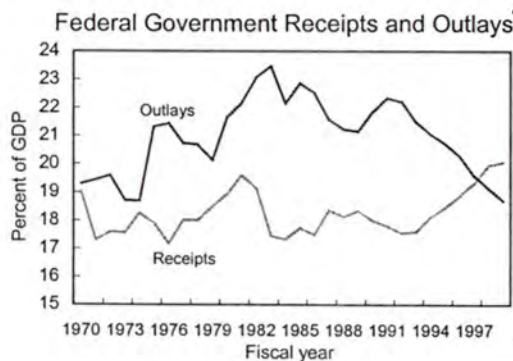
Contributions to Economic Growth in Expansions



growth represented by consumption (the largest component of GDP) has been a little higher than in the other long expansions and the negative contribution of net exports has been larger (see upper chart). The difference that reflects fiscal discipline, however, is the relatively small contribution from government and the relatively large contribution from private fixed investment. Moreover,

the modest contribution of government is entirely accounted for by growth in state and local spending: federal purchases of goods and services were smaller in 1999 than they were in 1991 after adjusting for inflation.

Federal expenditures and revenues. Total federal expenditures, which include Social Security and other transfers in addition to purchases of goods and services, fell from 22.3 percent of GDP in 1991 to 19.0 percent in 1999 (see lower chart). This decline of 3.3 percentage points is more than twice the decline of 1.3 percentage points during the 1982-90 expansion. Moreover, the decline in spending in the 1980s was associated with a decline in revenues (as a share of GDP), whereas the decline in the current expansion occurred during a period of rising revenues. This



contradicts the view that increases in government revenue simply invite a corresponding increase in spending.

Analysis. Budget deficits can be useful in stimulating the economy when private demand is weak. And arguably they served that role in the early stages of the 1960s and 1980s expansions. However, fiscal restraint was applied too late to prevent a sharp rise in inflation later in the 1960s expansion. It was never a

feature of the 1980s expansion, and the combination of loose fiscal policy and tight monetary policy was associated with relatively high real interest rates and declining saving and investment. In the current expansion, by contrast, fiscal discipline has allowed monetary policy to accommodate strong growth with low inflation. Interest rates have been lower than they would have been without fiscal discipline, and investment has flourished.

SPECIAL ANALYSIS

Bugs Bunny Online: Not a Mickey Mouse Merger

America Online (AOL) and Time Warner agreed to merge this week in a stock deal that combines an older media franchise with one of the better known players in the new world of the Internet. In this “merger of equals,” AOL is far smaller than Time Warner in terms of revenue (\$1.5 billion versus \$6.7 billion in the third quarter of 1999). Nevertheless, with its higher market value, AOL was able to offer to buy out Time Warner shareholders while leaving AOL shareholders with 55 percent of the shares in the new AOL Time Warner.

AOL’s dilemma. AOL is an Internet service provider (ISP) that also supplies its own content to more than 20 million members of its America Online service. Most AOL customers dial in on an ordinary phone line to receive relatively slow “narrowband” access. Broadband access that increases the speed at which consumers can download their favorite news, music, and movie clips from the Web is now becoming available in two ways: through the local cable company’s wire using a cable modem, and through the local phone company’s wire using a digital subscriber line (DSL) service. AOL had been seeking at Federal, state, and local levels “open access” to provide its content over a broadband pipe, but it had been notably unsuccessful in persuading the largest cable company—AT&T—to open up its lines on terms acceptable to AOL.

Enter Time Warner. Time Warner is a multimedia company that is involved in many different ventures, including publishing, music and film production, and TV production for various cable networks such as its subsidiaries CNN and HBO. Time Warner also operates a number of cable systems throughout the country that serve approximately 13 million subscribers. Time Warner has upgraded about 85 percent of its systems to offer high speed broadband Internet access, but it still has relatively few broadband customers.

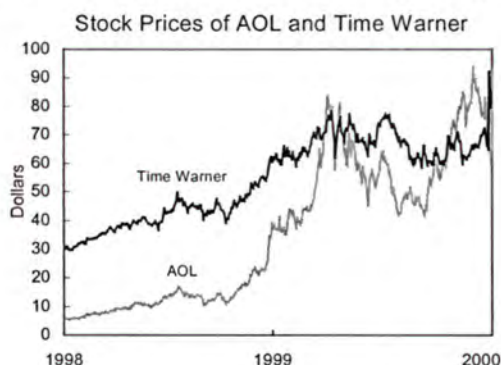
The plan. By merging, the combined company expects to realize synergies between the two operations. With its large customer base and expertise in marketing Internet services, AOL should be able to expand the number of Time Warner cable customers who purchase broadband access. The new company will also benefit from marketing Time Warner content to existing AOL subscribers.

Competition and Internet access issues. The merger will not solve all of AOL’s broadband access issues, since Time Warner’s systems still represent only a fraction of the nation’s total cable consumers. Thus, it is not surprising that the two companies have said that they are “committed to ensuring consumer choice of ISPs and content,” because AOL will still need broadband access for customers not served by Time Warner. It is far from clear, however, whether AOL Time Warner will actively push for legislation in this area.

Despite its large size, the new company will still face competition. In its existing dial-in business, AOL faces competition from many other national and regional Internet service providers, and there are a number of other providers of broadband access through wires owned by other cable and phone companies. With respect to content, Time Warner will still have to compete with other providers of news, information, music, and movies as it does today, and the companies have said nothing to suggest that they intend to restrict the sales of that content to a single distribution provider like AOL.

The proposed merger will be reviewed by the antitrust authorities, but there appear at first blush to be relatively few markets where the merger might substantially reduce competition under traditional antitrust guidelines. The FCC may review the merger under the Telecommunications Act of 1996. And incumbent phone companies may have an increased desire to seek relief or revisit the Act.

Stock market valuations. Over the past 2 years, both companies' stock prices have risen sharply, but the percentage gain has been much larger for AOL stock (see chart). In part at least, this difference reflects investor expectations that AOL's business has much more potential for earnings growth than Time



Warner's. The terms of the merger call for AOL to pay a large premium to Time Warner's shareholders relative to its pre-merger value. For this deal to benefit AOL shareholders as well, the synergies from combining the two companies would have to be substantial. However, the historical results from previous mergers suggest that shareholders in acquiring firms tend not to benefit from mergers. And

the initial market reaction to the AOL Time Warner deal was a 13 percent decline in the value of AOL stock during the two trading days following the announcement.

Future expectations. After the announcement of this merger, other Internet and media companies have seen their stock prices rise in anticipation of further mergers, but the shape of any future deals is less clear. AOL's leading role as both an ISP and a content provider is unusual in the online world, and other media and Internet companies may need to find a different model to use before attempting to blend traditional media with the Internet.

ARTICLE

Fishery Business

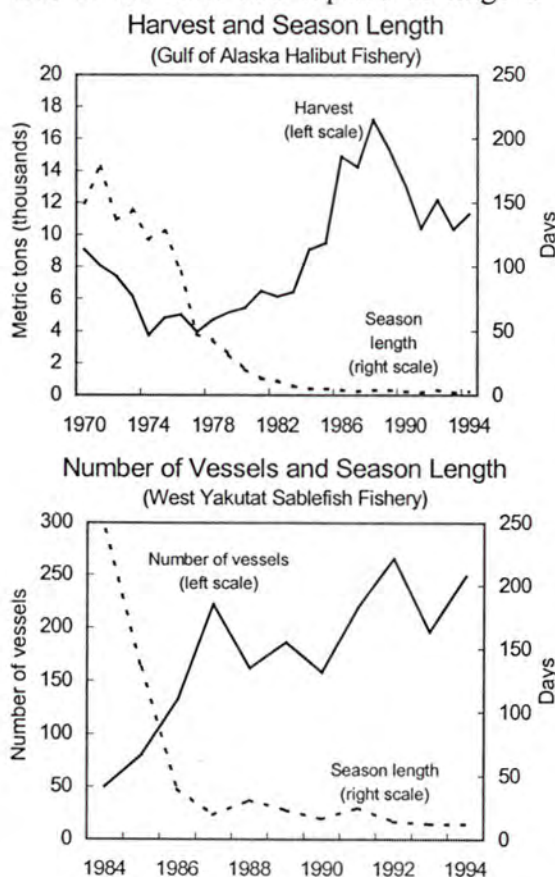
Over-fishing continues to be a problem for most fisheries in the United States, according to a recent report from the National Research Council (NRC). The report, which was requested in the Sustainable Fisheries Act of 1996, confirms the efficacy of individual quotas for some fisheries as a tool for addressing this problem, and it recommends lifting the moratorium on introducing new quota programs that was imposed by the Act.

The over-fishing problem. Fisheries are a common property resource, and without effective management over-fishing is likely to occur. This is because individual fishers' decisions about how intensively to fish are unlikely to take into account the full costs of these decisions in depleting the fish stock and possibly even killing off a species.

Traditional management strategies. Some fishery managers have tried to prevent over-fishing by imposing an annual limit on the catch. This limit, called the total allowable catch (TAC), is set at a level designed to guarantee the sustainability of the fishery, and the season usually ends once this limit is reached. This creates an additional problem, however, as each fishing crew tries to beat the rest of the fleet and capture as large a fraction of the TAC as possible. The

"derbies" that result can be quite wasteful; fishers over-invest in gear and purchase ever-larger boats, making the derbies even more frenetic.

Inefficiency. When this process significantly shortens the fishing season, consumers' access to certain species of fresh fish is restricted and fishers' work efforts are concentrated in a short, intense season. In the central Gulf of Alaska halibut fishery, for example, the season collapsed from a high of over 170 days in 1971 to 2 days in 1991, while the total catch more than quadrupled from 1974 to 1988 (see upper chart). In the West Yakutat sablefish fishery, the number of vessels increased almost fourfold in only 4 years in the mid-1980s as the number of days fell sharply (see bottom chart). Shorter seasons have also



been associated with higher accident rates, because, with a season of only a few days, the decision to sit out bad weather is often tantamount to sitting out the season.

A possible solution. A potentially more efficient approach for some fisheries is to allocate shares of the TAC through individual quotas and allow fishers to trade these quotas in an open market. Under a quota system, each fisher has a right to a specified share of the TAC in each year, and each can catch this share in the cheapest manner possible without having to worry about the behavior of competitors. The incentives to concentrate production in the early portion of the season and to over-invest in capital disappear. Overall efficiency is improved further when the quotas are transferable, because less efficient fishers have an incentive to sell their rights to more efficient fishers.

Experience with individual quotas. The NRC report finds that individual quotas have been used extensively around the world, with very promising results. New Zealand first introduced a program in 1986 and at least 7 other countries now employ individual quotas. The creation of each of the four U.S. programs underway before the moratorium was imposed arose, in part, out of a concern over the build-up of fishing capital. In two of these (the surf clam/ocean quahog fishery and the wreckfish fishery) over-harvesting has ceased, and there is evidence that the total quantity of capital has subsequently fallen. In the Alaskan halibut and sablefish fisheries, the annual harvest did not exceed the target in the first 2 years of the quota program, after doing so by an average of 6 percent over the previous 17 years.

Conclusion. The moratorium on new individual quota programs imposed by the Sustainable Fisheries Act of 1996 runs through October 1, 2000. In recommending that the Congress lift this moratorium and allow regional fisheries to use individual quotas, the NRC report emphasizes that the quotas are not a panacea applicable to all fisheries. But it also concludes that past experience has repeatedly demonstrated the effectiveness of individual quotas in matching harvesting and processing capacities to the resource, slowing the race to fish, providing consumers with a better product, and reducing wasteful and dangerous fishing.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

The Gender Pay Gap in Top Corporate Jobs. Between 1992 and 1997, about 2.5 percent of high-level executives in U.S. corporations were women. According to a recent study, these women earned about 45 percent less than their male counterparts. As much as three quarters of this gender gap can be explained by the fact that women tend to manage smaller companies and are less likely to be CEOs, chairs, or company presidents. Taking into account that female executives also tend to be younger and have less seniority than males reduces the unexplained gender gap to just 5 percent. While the absence of a significant conditional gender gap implies that women and men who hold similar jobs in firms of similar size receive fairly equal compensation, it does not rule out the possibility of discrimination in terms of gender segregation or promotion.

Children's Life Prospects Diverge. The number of children under age 6 with particularly bright futures and the number with particularly dim futures both rose between 1976 and 1996, according to a recent study. Looking at both "risk factors" and "opportunity factors" in young children's environments that are associated with negative and positive adult outcomes, the study found that the share of young children with particularly good prospects rose from 9 percent to 26 percent. Most of this growth resulted from having mothers who are now more educated and more likely to delay childbearing. The proportion of children with poor prospects—having a teen or unmarried mother, having a mother without a high school degree or living in poverty—rose from 8 percent to 12 percent. Applying this analysis to children in cities and suburbs, the study found increases in both good and bad prospects in both cities and suburbs. But it also found that in 1996 half of all children with poor prospects lived in central cities, while two-thirds of all children with good prospects lived in suburbs.

Manufacturing Increasingly Relies on Temporary Workers. The manufacturing sector increased its use of temporary help workers in the 1990s, according to a recent study. The study argues that because the official BLS data count these temporary workers as service sector not manufacturing employees, the number of jobs generated in manufacturing has been underestimated, manufacturing productivity has been overstated, and the decline in manufacturing hours has been overestimated. Not counting these workers in manufacturing explains, in part, the apparent flatness of manufacturing employment in the 1990s. While official data suggest that the expansionary period between 1992 and 1997 generated only 550,000 manufacturing jobs, accounting for the temporary workers implies that, in fact, as many as 1,060,000 new jobs were created. The decline in manufacturing hours between 1989 and 1997 also disappears once temporary help workers are taken into account. The study finds that excluding temporary help workers raises manufacturing productivity (and lowers service sector productivity), but it does not account for much of the gap between the high rate of growth in manufacturing productivity and the low rate in services. Nor does it change the rate of growth of productivity for the nonfarm sector as a whole.

INTERNATIONAL ROUNDUP

European Commission to Create Food Safety Authority. In a White Paper published this week, the European Commission unveiled plans to create an independent European Food Authority, with the aim of restoring public confidence in European food policy after a series of food alerts and crises in recent years. The intention is that the Authority will be guided by the best science and work closely with national scientific bodies. It will be independent of industrial and political interests and open to public scrutiny. Its main tasks will be disseminating independent scientific information on all aspects of food safety, operating a rapid alert system, and communicating with consumers on issues of food safety and health. The White Paper envisions the Authority beginning operations in 2002, once the necessary legislation is adopted.

China to Shut Down Steel Plants. China has announced plans to close its small steel plants, which may result in the loss of thousands of jobs. Small smelters and mills with annual production capacities below 100,000 tons are to be closed, affecting more than 2,500 plants. Plants that rely on small and backward steel blast furnaces and converters will also be closed. According to the *China Daily*, most of the plants in question are low-technology operations that waste resources and generate serious pollution. The plan will allow the government to obtain better control of steel output. China's goal is to achieve a 10 percent reduction of steel output this year in order to alleviate a current steel market glut. The plant closures will be enforced with strict measures, including denying designated plants raw materials, power supplies, credit, environmental licenses, and markets for their steel.

Russia's Health Crisis. Russia is in the midst of a health crisis, with deaths currently exceeding births by about 700,000 a year. Some experts estimate that without immediate policy measures, Russia's population is on track to drop to 80 million in 50 years from about 150 million today. Drug-resistant tuberculosis, AIDS, and cardiovascular disease are rampant. Some estimate that over 10 million Russians will be infected with HIV by 2005. The death rate from cardiovascular disease in Russia is higher than the death rate in the United States from all causes combined. Alcohol abuse poses additional concerns. In 1996, over 35,000 Russians died from unintentional alcohol poisoning; the comparable U.S. figure is 300. The experiences of countries like Thailand and Uganda in successfully lowering HIV infection rates show the positive impact when diverse government ministries, NGOs, and grassroots community groups join forces to raise local awareness. However, it has been argued that Russia's leadership has done little to promote "healthy lifestyles" domestically.

RELEASES THIS WEEK

Industrial Production and Capacity Utilization

****Embargoed until 9:15 a.m., Friday, January 14, 2000****

The Federal Reserve's index of industrial production increased 0.4 percent in December. Capacity utilization rose 0.1 percentage point to 81.3 percent.

Consumer Price Index

****Embargoed until 8:30 a.m., Friday, January 14, 2000****

The consumer price index rose 0.2 percent in December. Excluding food and energy, consumer prices rose 0.1 percent. For the 12-month period ending in December, consumer prices rose 2.7 percent; excluding food and energy, consumer prices rose 1.9 percent.

Retail Sales

Advance estimates show that retail sales increased 1.2 percent in December following an increase of 1.1 percent in November. Excluding sales in the automotive group, retail sales rose 1.4 percent following an increase of 0.7 percent.

Producer Price Index

The producer price index for finished goods rose 0.3 percent in December. Excluding food and energy, producer prices rose 0.1 percent. For the 12-month period ending in December, producer prices rose 3.0 percent; excluding food and energy, producer prices rose 0.9 percent.

MAJOR RELEASES NEXT WEEK

Housing Starts (Wednesday)

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

U.S. ECONOMIC STATISTICS

	1970- 1993	1998	1999:1	1999:2	1999:3
Percent growth (annual rate)					
Real GDP (chain-type)	3.0	4.6	3.7	1.9	5.7
GDP chain-type price index	5.2	1.1	2.0	1.3	1.1
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.7	3.1	2.7	0.6	4.9
Real compensation per hour:					
Using CPI	1.0	3.9	2.8	1.2	2.1
Using NFB deflator	1.5	4.7	2.9	2.9	4.4
Shares of Nominal GDP (percent)					
Business fixed investment	11.4	12.5	12.6	12.6	12.7
Residential investment	4.5	4.2	4.4	4.5	4.4
Exports	8.2	11.0	10.7	10.7	10.8
Imports	9.2	12.7	12.9	13.4	13.8
Personal saving	6.6	2.6	2.2	1.8	1.5
Federal surplus	-2.8	0.5	1.1	1.3	1.4
	1970- 1993	1999	October 1999	November 1999	December 1999
Unemployment Rate (percent)	6.7**	4.2**	4.1	4.1	4.1
Payroll employment (thousands)					
increase per month			284	222	315
increase since Jan. 1993					20367
Inflation (percent per period)					
CPI	5.8	2.7	0.2	0.1	0.2
PPI-Finished goods	5.0	3.0	-0.1	0.2	0.3

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

New or revised data in **boldface**.

CPI data **embargoed until 8:30 a.m., Friday, January 14, 2000.**

FINANCIAL STATISTICS

	1998	1999	November 1999	December 1999	Jan. 13, 2000
Dow-Jones Industrial Average	8626	10465	10810	11246	11582
Interest Rates (percent per annum)					
3-month T-bill	4.78	4.64	5.07	5.20	5.25
10-year T-bond	5.26	5.65	6.03	6.28	6.63
Mortgage rate, 30-year fixed	6.94	7.43	7.74	7.91	8.18
Prime rate	8.35	8.00	8.37	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level January 13, 2000	Percent Change from Week ago	Year ago
Euro (in U.S. dollars)	1.027	-0.5	-12.2
Yen (per U.S. dollar)	106.1	0.9	-6.5
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	92.80	0.2	1.2

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	4.3 (Q3)	4.1 (Dec)	2.7 (Dec)
Canada	4.2 (Q3)	6.9 (Nov)	2.1 (Nov)
Japan	1.0 (Q3)	4.6 (Nov)	-1.2 (Nov)
France	2.9 (Q3)	10.7 (Nov)	0.9 (Nov)
Germany	1.3 (Q3)	9.0 (Nov) ^{2/}	1.0 (Nov)
Italy	1.2 (Q3)	12.1 (Apr)	2.0 (Nov)
United Kingdom	1.8 (Q3)	5.9 (Sep)	1.4 (Nov)

U.S. CPI data embargoed until 8:30 a.m., Friday, January 14, 2000.

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

^{2/} Rate for unified Germany.



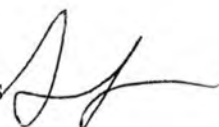
DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

January 14, 2000

SECRETARY OF THE TREASURY

THE PRESIDENT'S OFFICE
01-17-00

MEMORANDUM FOR THE PRESIDENT

FROM: Lawrence H. Summers 
SUBJECT: Update on Global Markets
The Week Ending January 14, 2000

Global markets were dominated this week by a sell-off in bond markets, and by continued strength in global equities.

- Markets have now priced in at least a 25 basis point rate rise at the Fed's early February meeting, with expectations for significant tightening later in the year. Elsewhere, expectations are for the ECB to also raise rates by early spring and for the Bank of Japan to begin unwinding its "zero interest rate" policy by summertime. The Bank of England raised its key policy rate this week.
- Bond prices fell in major markets, with the U.S. benchmark 30-year yield rising to its highest level in over 2½ years. Sovereign yields in Europe and Japan also rose. The portfolio shifts that shook up equity markets last week (out of high-tech stocks and into blue chip cyclical performers) seem to have calmed, and all major indices performed well, particularly in Japan and Germany.
- The dollar was stronger against both the *yen* and *euro* this week, as lower-than-expected U.S. inflation data and Chairman Greenspan's speech Thursday night (interpreted as balanced) led analysts to believe the coming U.S. rate hikes would be more moderate than aggressive.

The Russian *ruble* has fallen 6.5% since December 15 and 4.1% just since markets reopened after the holidays on January 10. While this has raised a few eyebrows in the markets, it is related more to seasonal factors than to policy developments in Russia. Year-end bonuses are often used to make safe-haven purchases of foreign currency and exports typically decline at year-end (resulting in less supply of foreign currency). Also, while markets generally view Putin's likely victory as positive, the election timetable does increase the perception of inflation risk in the near term. Most traders expect the ruble to settle soon near current levels.

President Mahuad's January 9 announcement that Ecuador would immediately fix the *sucre* exchange rate at 25,000 and quickly submit legislation to dollarize at that rate caught the IMF and most observers by surprise. The sucre exchange rate has been stable since the announcement at 25,000 per dollar, the initial reaction of key parties in Ecuador's congress has been supportive, and the move appears to have given President Mahuad at least a brief respite from the growing demands that he resign. We are watching the situation closely and consulting with both the government of Ecuador and the IMF on the situation.

Weekly Market Indicators for the Week Ending:
January 14, 2000

3:56 PM

Major International Markets						
<i>Changes are Friday to Friday</i>						Ten-Year Government Bond Yields
<u>Exchange Rates</u>			<u>Equities</u>			
	Level	% change	Index	Level	% change	% BP change
Japan	Y 105.70/\$	0.4%	Nikkei	18461.93	2.7%	1.75 3
Euro	\$1.0143/EUR	1.4%				
Euro-yen	\$107.2200/EUR	-1.0%				
Germany			Xetra-Dax	7173.22	5.8%	5.56 12
U.K.			FT-SE 100	6658.20	2.4%	5.71 0
France			CAC-40	5787.44	4.5%	5.67 11
Italy			MIB 30	41917	4.3%	5.80 14

^ U.S. dollar depreciation/appreciation

Emerging Markets						
<u>Exchange Rates</u>			<u>Equities</u>			Emerging Market Sov. Bond Spread*
	Level per USD	% change (local ccy)	Index	Level	% change	BP BP change
Korea	1124	1.2%	Kospi	948	-0.1%	159 -8
Indonesia	7150	0.0%	JSE	691	0.3%	465 0
Thailand	37.42	-0.5%	SET	474	4.6%	153 -5
Hong Kong	7.7786	0.0%	Hang Seng	15542	0.9%	125 -2
Brazil	1.8030	1.3%	Bovespa	17658	8.3%	596 25
Argentina	1.0000	-0.1%	Merval	564	8.1%	498 0
Mexico	9.43	0.5%	Bolsa	7385	4.9%	230 -68
Russia	28.655	-4.3%	RTS	203	9.3%	1130 -11
India	43.5	0.0%	Bombay SE	5471	1.0%	n/a n/a
Turkey	544,000	-0.9%	ISE 100	19110	20.7%	399 18
South Africa	6.068	-0.2%	JSE	8236	6.2%	184 -28

Commodity Markets		
	Level	% change
Gold	\$284.20	0.87%
Oil	\$25.50	11.99%

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

Source: Bloomberg

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

00 JAN 14 PM 7:24

January 14, 2000

THE PRESIDENT HAS SEEN

MEMORANDUM FOR THE PRESIDENT

01-17-00

FROM: ROBERT Z. LAWRENCE *Rd*

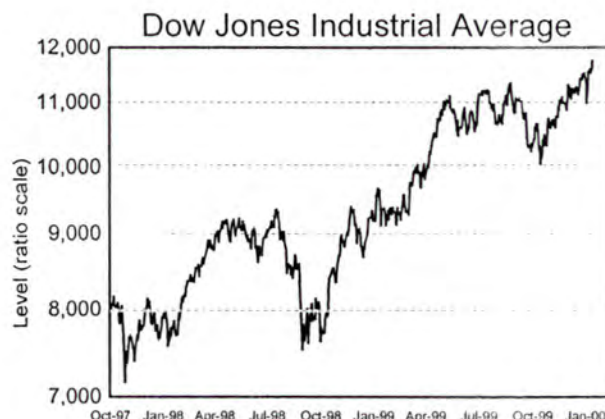
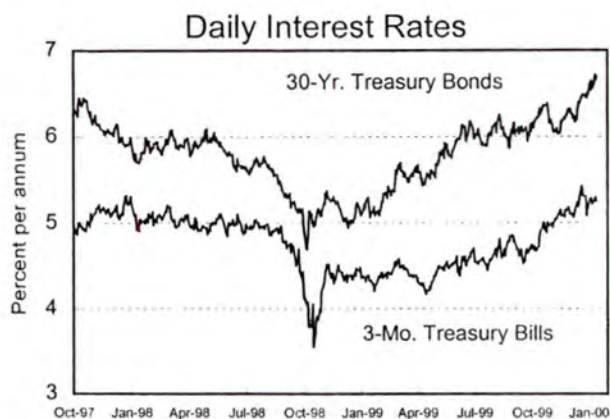
SUBJECT: Interest Rates and Stock Prices For the Week Ending Friday, January 14, 2000

Long-term interest rates rose sharply in advance of this week's major economic releases. Rates fell following favorable CPI and PPI reports but then rebounded in response to leaked news that the Michigan index of consumer confidence surged to a new record. Rising oil prices may have also intensified inflation concerns.

Treasury securities	Close 1/14/2000 (percent)	Change from 1/7/2000 (percentage points)	Change from 12/31/99
3-month bills	5.25	+0.03	+0.08
10-year notes	6.69	+0.17	+0.24
30-year bonds	6.69	+0.14	+0.21

Stock prices rose this week. The Dow set a new record today, and the S&P 500 and NASDAQ Composite are now just below record levels. Shares in the semiconductor, computer, and entertainment industries led markets higher in response to news of strong earnings at Intel and of the AOL-Time-Warner merger.

Index	Change from 1/7/2000 (percent)	Change from 12/31/99 (percent)
Dow Jones Industrial Avg.	+1.7	+2.0
S&P 500	+1.6	-0.3
NASDAQ Composite	+4.7	-0.1



01-17-00

THE WHITE HOUSE

WASHINGTON

January 14, 2000

00 JAN 17 - 4:08

Copied

Spertling
PodestaThis is a very
important item - we
have to do something real
about it -

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORTS

cc: JOHN PODESTA

Vaccines. NEC, Treasury, State, NSC, and DPC is helping put together a package of measures to support vaccines to help poor countries, especially African countries. As you know, this past Monday the Vice President announced a USG proposal to contribute \$50 million in FY01 to the Global Alliance for Vaccines and Immunizations (GAVI) to help fund the purchase and delivery of vaccines to combat TB, yellow fever, malaria, and similar diseases. Now we are trying to expand our proposal and find a way to encourage drug companies to develop vaccines for diseases, including HIV/AIDS that have no current cure. One key proposal that we are studying would offer tax credits for drug companies that develop important new vaccines. As part of NEC's involvement in the G-7 Sherpa process, we also plan to try to convince our G-7 partners that an important deliverable in Okinawa would be a Millennium Trust Fund to help support vaccine research.

Steel Industry. There are early signs of recovery in the U.S. steel industry in large part due to your steel action plan, tough enforcement of our trade laws, and an increase in domestic demand abroad has had in impact: (1) overall steel imports are off 16% this year with even more dramatic drops in products covered by trade cases (hot-rolled down 46%, cold-rolled down 12%, plate down 57%, but wire rod up 17.6%); (2) Import penetration has fallen from 33.4% in November 1998 to 20.3% in October 1999; (3) Japan and Russia have returned to pre-crisis levels (Korea hasn't); and (4) prices have begun to recover, and some predict record prices for hot-rolled by mid-2000. Industry analysts predict a very strong 2000: (1) employment has just begun to rise -- Since October, employment has increased by 2,800 jobs but remains 11,000 jobs below January 1998 levels.

WTO Steel Case Losses. We will face tough decisions on two WTO cases involving steel that industry and sovereignists might use to claim the WTO is undermining the strength of our trade laws. A seldom-used 1916 law allows a private right of action against imports in our federal courts, a procedure not envisioned by the GATT or WTO Antidumping Code. We are awaiting a final panel report, which should be issued soon. In a separate case, a WTO panel has found Commerce Department methodology, in a countervailing duty case involving privatization, to be WTO-inconsistent. The panel found impermissible subsidies received prior to privatization that are extinguished and therefore not countervailable under the WTO Subsidies Code. The timing of these cases is awkward because in late spring there could be several important congressional votes.

Computer Export Controls. NEC and NSC, Commerce, Defense, Energy, and State are working with John Podesta on a decision memorandum for you on computer export controls. You last raised the threshold for computer exports in July 1999. As we anticipated, rapid technological change is requiring another review of the appropriate level, which we hope to have completed soon. John Podesta, Jim Steinberg, Daley, and I will be meeting next week with the CEOs of the major companies of the computer industry to discuss the issue with them. Industry is likely to characterize the interagency recommended administration position as a significant step in the right direction, but they would like us to go even further.

THE WHITE HOUSE

WASHINGTON

January 14, 2000

THE PRESIDENT HAS SEEN

01-17-00

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

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Reed
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Podesta

1. Crime – Boston Gun Event. Next Tuesday, at an event at the Orchard Gar Community Center in the Roxbury neighborhood of Boston, you will unveil the FY 2001 firearms enforcement budget. The initiative, which includes the largest increase ever in the budget, includes: 1) 300 new ATF agents to increase cases against illegal gun traffickers and armed criminals; 2) 200 ATF inspectors to crack down on unscrupulous gun dealers, manufacturers and distributors; 3) 1,000 new state and local gun prosecutors; 4) over 100 additional federal prosecutors to focus on gun cases, including 20 enforcement coordination teams; and 5) additional resources to expand the Administration's crime gun tracing initiative to 50 cities, and provide ATF training and software for 250 cities to help trace more firearms. As you know, through its Operation Ceasefire Initiative, Boston has made significant progress in reducing crime and gun violence in recent years, particularly among youth. In the last decade, the homicide rate in Boston has dropped by 400 percent (24.9 per 100,000 residents in 1990 to 6.1 per 100,000 residents in 1998).

2. Crime – Federal Firearms Prosecutions. New internal Justice Department statistics show that the total number of federal firearms prosecutions increased by 25 percent between 1998 and 1999. Significantly, the 1999 total now exceeds by 15.7 percent the number of federal firearms cases brought in 1992. The updated figures will bolster our response to charges by the NRA and other opponents of gun safety legislation that this Administration is not doing enough to enforce laws already on the books. We plan to release these figures along with the FY 2001 firearms enforcement budget initiative for your crime event in Boston next Tuesday.

3. Crime – Data on Juvenile Gun Offenders. Earlier this week, the Justice Department posted new data on its website showing that between 1993 and 1998, the number of juvenile homicide offenders who used a gun fell 57 percent; from 1997 to 1998, the number fell 27 percent. The new statistic was released as part of an analysis of crime data previously released by the Bureau of Justice Statistics and the FBI.

4. Welfare – Second Chance Homes. Per your request, we are working with OMB to include funding in the budget for second chance homes. We proposed what seems to be a viable option, which is to earmark \$25 million of the proposed \$75 million increase in the Social Services Block Grant for this purpose. We will solidify details this weekend. To answer a question you raised, the latest data show that 17 states have obligated all their TANF funds:

01-17-00

Alaska, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Maine, Massachusetts, Missouri, Montana, Ohio, Oregon, Texas, Virginia, West Virginia, and Wyoming. For certain technical reasons, however, we may not want to target this program only to states that have obligated all their TANF funds. We will update you further as this policy is finalized.

4. Health Care – Genetic Discrimination in the Federal Workforce. We are now preparing for you an executive order that prohibits genetic discrimination in the federal workforce. As you may recall, this order was stalled last year when a number of agencies, particularly CIA and NASA, insisted on retaining the right to screen out employees potentially unfit for dangerous billets. The compromise we have now developed bars genetic testing, but permits the taking of family histories to determine whether an employee or prospective employee has a *current* medical condition that would bar placement in a particular job. It does not, however, allow using family history as a way of speculating about the *future* possibility of a disqualifying illness. Dr. Francis Collins, director of the National Institute for Genome Research, was part of our process and is supportive of the compromise. You will be able to highlight this issue in the State of the Union, and can unveil the executive order soon thereafter.

5. Health Care – Announcement of Health Insurance Coverage Initiative. Next Wednesday, you are scheduled to unveil your health insurance coverage expansion initiative. It will include a range of policy proposals, but greatest interest will be focused on your family coverage proposal and your tax credit for individuals whose employers do not offer coverage. These and other policies will be made available to the media for publication on Wednesday, and you will highlight them that day. We will send you a memo early next week detailing all the provisions of the coverage initiative.

6. Education – Standards Report Answers. You asked about the NEAP performance of the five states cited as "exemplary" on the recent Thomas B. Fordham Foundation. The states were Texas, North Carolina, South Carolina, California, and Alabama. In brief, while Texas and North Carolina have made substantial and noteworthy progress on the NAEP since 1993, South Carolina, California, and Alabama have not. We can provide more detailed scores should you want them. You also asked for a copy of the Fordham report, which is attached.

7. Education – Education Week's Annual Quality Counts Report. Education Week released its fourth annual "report card" on school reform this week focusing on teacher quality. The report found that the "best and brightest" leave teaching early -- and that those who leave are twice as likely to have scored in the top 25 percent on the SAT as are those who stay. The report found that while most states set standards for who can teach, waivers and loopholes often erode those standards. The report also found fault with state efforts to recruit and retain high-quality teachers. Most states offer little or no extra incentives to become a teacher, and those that do offer something (such as loan forgiveness) do not tailor the incentives to high-need subjects or high-poverty schools. We are preparing a package of initiatives on teacher recruitment and quality for the State of the Union and the budget, including one program designed to cultivate teachers from and for high-poverty districts, and another that rewards states for making progress toward teacher quality improvement goals.



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

January 14, 2000

THE PRESIDENT HAS SEEN
01-17-00

MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

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

*copied
Frampton
Podesta*

SUBJECT: CEQ WEEKLY REPORT

RESOURCE STEWARDSHIP

National Monuments Designations

Your announcement on Tuesday garnered extensive news coverage – including CBS, NBC, ABC and CNN – and positive editorials from the New York Times, Arizona Republic (see attached), San Jose Mercury News, Minneapolis Star Tribune and several other newspapers.

60 Minutes Story on MTBE

This Sunday, 60 Minutes plans to air a segment on EPA's policy regarding MTBE, a controversial fuel additive. While MTBE has improved air quality, it has contaminated groundwater and led to widespread concern over drinking water safety. Last year, an EPA Blue Ribbon Panel recommended the phase-out of MTBE while preserving a requirement for renewable fuel. We anticipate that the 60 Minutes piece will criticize EPA for its failure to foresee the negative effect of MTBE.

Thirtieth Birthday of CEQ and the National Environmental Policy Act

On January 1, 1970, President Nixon signed the National Environmental Policy Act (NEPA), often referred to as this country's environmental magna carta. Over the past three decades, NEPA has fundamentally changed federal agencies' decisionmaking by requiring agencies to evaluate the environmental consequences of their proposals prior to taking action and by involving the public in that process. The environmental impact assessment process established by NEPA has been copied by almost 100 other countries, as well as some state, municipal and tribal governments here at home. NEPA also established CEQ as the institution within the EOP to advise the President on environmental issues, coordinate policy and oversee agencies' implementation of NEPA. National Public Radio and other media will be referencing the 30 year anniversary of NEPA this month and throughout the year. We intend to draft a statement commemorating the anniversary for your release later this month.

0117-00

Colorado River Protection

In an historic agreement, Secretary Richardson announced today a plan to protect the environment and return lands to the Utes, an Indian tribe in Utah. Under the agreement, the federal government would work to clean up 10 tons of low-level radioactive waste that threatens the Colorado River and the Arches and Canyonlands National Parks. In addition, the agreement would provide for the protection of 75 miles of the Green River, an important tributary of the Colorado River in Utah, and the transfer of approximately 84,000 acres of land to the Utes. Representative Chris Cannon, whose district includes the area, and the Sierra Club have praised the agreement.

INTERNATIONAL LEADERSHIP

Tropical Forest Conservation

This week, Time magazine ran a three page story on the status of the 25 most endangered primate species, many of whom consist of less than 500 individuals in the wild. Of the 25, 24 are restricted in range to seven of the world's most threatened "hotspot" tropical rain forests ecosystems. In part to follow up your meeting with environmental CEOs in Seattle and the discussion of international forest protection, we have worked with OMB, USAID, Treasury and other agencies to develop a new \$50 million Greening the Globe initiative in this year's budget that reflects a nearly 70% increase over last year's enacted levels for tropical forest conservation in key regions.


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Franklin
Podesta

Opinions

ARIZONA REPUBLIC EDITORIALS

PRESIDENT ACTED WITH WIDE SUPPORT State politicians, ease up

Some advice to Arizonans who are quick to question motives and blind to good decisions on the merits: Step back, take a deep breath and be thankful that Arizona now has two additional national monuments.

With precedent on his side, yesterday President Clinton accepted the recommendation of Interior Secretary Bruce Babbitt and gave heightened protection to two large swaths of wild and rugged Arizona terrain.

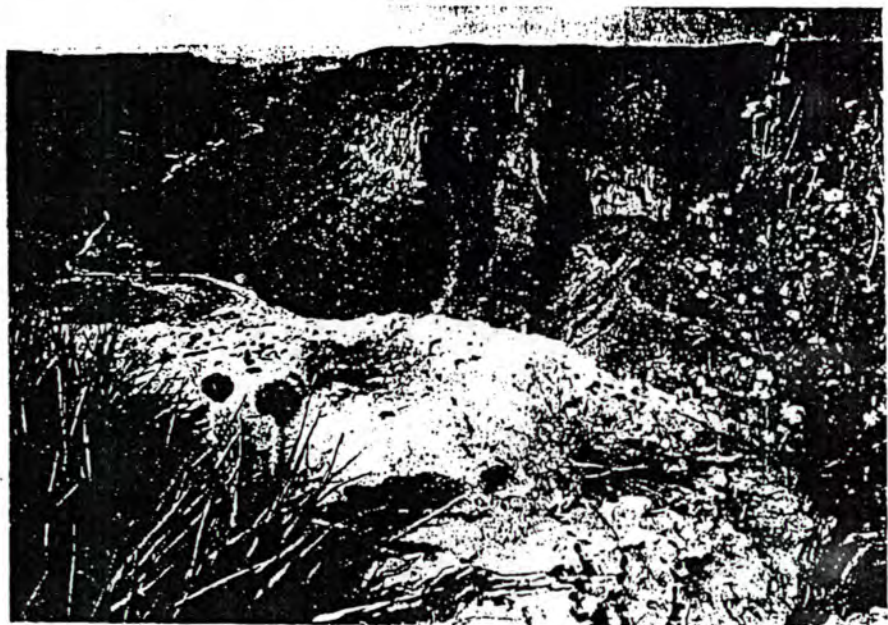
Against the majesty of the Grand Canyon, the president used the 1906 Antiquities Act to establish the Agua Fria National Monument, 71,000 acres between Black Canyon City and Cordes Junction, and the Grand Canyon-Parashant National Monument, 1 million acres to the west and north of Grand Canyon National Park.

This was the proper thing to do because there is wide support for the preservation of these unique areas — lands that surely fit the criteria of historic, cultural and scientific that are required to invoke the Antiquities Act.

Over the past year, public hearings were held and sentiment was clearly on the side of conservation. A statewide poll conducted for the Sierra Club by the Behavior Research Center indicated that three of four Arizonans — Republicans, Democrats and independents — favor what the president did.

But like politicians in Utah who decried the "process" when President Clinton in 1996 unilaterally created the Grand Staircase-Escalante National Monument — 1.7 million acres rich in coal deposits — Arizona's congressional delegation and Gov. Jane Hull are repeating that same tiresome song. They sent a letter last week to Clinton and asked that he "refrain from this unilateral action and instead work with us to develop a solution reflecting the wishes" of Arizonans.

Arizonans want the incredible beauty of their state protected, and they seem to be ahead of the politicians. After all, what matters is



Associated Press

A statewide poll conducted for the Sierra Club indicated that three of four Arizonans favor President Clinton's action to preserve more land in two national monuments.

whether this was the right and proper decision, whether these lands are deserving.

Clearly, the answer is a resounding yes. And better to do so sooner than wait for the pitfalls of congressional action. Or more likely, inaction.

Growth is already creeping north of Phoenix up Interstate 17. Greater protections for hundreds of Native American archaeological sites and distinctive rock art are a must. At the Grand Canyon, what more can we say than saving for future generations more grasslands, pine forests and canyons will some day be viewed as important as Teddy Roosevelt's decision in 1908 to preserve the Grand Canyon, which was upgraded to a national park in 1919.

Still-to-come management plans

should preserve most existing recreational uses, from hiking to camping to hunting. But off-road vehicle use is an increasing problem on public lands and should be controlled. Mining is one commercial activity that's incompatible with preservation. Not so livestock grazing, which should be permitted.

Though these monuments consist mainly of federal Bureau of Land Management lands, some state trust lands are involved. Thus, Arizona should expect fair compensation for letting these lands remain in the monument at Grand Canyon.

We would urge our delegation to accept reality. The challenge now is to ensure that the hoped-for protections come about. More monuments mean a need for more funding, and they should do all they can in this regard.

Copied

01-17-00

Ballentine
LOSEchaveste
(pg. 1)THE WHITE HOUSE
WASHINGTON

January 14, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: ROGER BALLENTINE

RE: OFFICE OF ENVIRONMENTAL INITIATIVES WEEKLY

Climate Change

Press, Science and Industry.

As you likely saw, *The Washington Post* ran "Warming to Reality" as its lead editorial last Sunday (1/9). The piece listed many of your initiatives, adding: "[b]ut there is a limit to what the Administration can do without the cooperation of Congress." The National Academy of Sciences released a major new study this week, which was reported on by *the Washington Post*, *LA Times*, *CNN*, *CBS* and other outlets. The study found that the warming trend over the past two decades "...is undoubtedly real and is substantially greater than the average rate of warming during the 20th century." The report also downplayed a long-standing dispute over temperature data (while ground monitors have shown a sharp increase in Earth's temperatures, satellite and weather balloon observations have shown little or no warming), noting that while this discrepancy cannot yet fully be explained, it "in no way invalidates the conclusion that the Earth's temperature has been rising."

CBS News aired six separate global warming stories this week over three nights running more than 15 minutes in total and featuring sound bites from your statement at the Grand Canyon, two interviews with Dr. James Baker of NOAA and an interview with John Podesta. All the stories emphasized that global warming science is becoming conclusive, and included impacts as diverse as farming problems in the Central Valley of California to increased incidence of jellyfish blooms worldwide. The Wednesday climate piece was the lead story, and Dan Rather began: "A CBS News Exclusive: a new study finds global warming is real and getting worse as the White House plans to unveil an ambitious new program to fight it." *NBC* ran two global warming stories this week emphasizing increasing certainty of science.

Our bioenergy budget received positive coverage in agricultural press throughout the farm belt, as well as wire stories out of Washington with a complementary quote from Senator Lugar. Meanwhile, Cargill Inc. and Dow Chemical this week announced a \$300 million program for full-scale commercial production of a new kind of plastic made from plants instead of petroleum, which is being called "Natural Plastic," the *Wall Street Journal* and other outlets reported.

Podesta et al

our press person in 2000
look → For science who
developed Podesta - good
for global warming, and
for US because it was produced
w/ our PA&U program

or GM local - the
Wall Street Journal

At the Detroit Auto Show this week, virtually every major auto manufacturer unveiled prototype hybrid cars that get better than 70 mpg. Ford's entry, the Prodigy, is "a family car that get nearly 80 mpg without sacrificing performance or functionality," according company documents. GM's Precept has similar qualities. Both were developed under our Partnership for a New Generation of Vehicles program. Chrysler is to display their entry later this year. The Ford hybrid electric vehicle is expected to add approximately \$3,000 to the vehicle price, and the company called for a federal tax credit to make up that difference. Your budget and climate tax package will include precisely such a credit.

International/Diplomatic

At the third US-China Forum on Environment and Development held in Honolulu this week, the Chinese agreed to a U.S. proposal to engage in a high level dialogue on the Kyoto negotiations, but declined to meet before June. Substantive progress, however, was made on bilateral cooperation on clean energy technology transfer, trade in clean energy products, and natural resource management issues. The Chinese seem increasingly willing to link such matters to climate change.

France this month will announce an "eco-tax" on carbon specifically aimed at reducing greenhouse gases and global warming, *Reuters* reported. The tax would be based on the amount of carbon produced by various energy sources, and apply to the electric power sectors, makers of cement and steel, and others.

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



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

THE PRESIDENT HAS SEEN

01-17-00

January 14, 2000

Capitol - Podesta

MEMORANDUM FOR THE PRESIDENT

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

*Copied
Lane
Podesta*

GM Surprises All With A Fuel-Cell Concept Car

On Wednesday (1/12) GM surprised the industry and government by unveiling its PNGV concept car. GM first introduced its 80 mpg Hybrid PRECEPT (the GM car I wrote about in a memo to you last week). Then GM introduced a surprise fuel-cell version of its Precept, which uses a new GM proprietary fuel-cell that matches the best in the world. It also uses a revolutionary new way – based on a hydride gel invented at GM's Rochester laboratories – to store hydrogen in a car in a low-pressure tank. This hybrid vehicle is capable of 108 miles per gallon (a 4x improvement over a comparable sedan with a standard gasoline engine) and has a range of 500 miles.



(p.1)

The government (DOE) committed approximately \$23 million to the fuel-cell work, which was 30% cost shared by GM, and accomplished during 1992-1996. GM's press release stated: "We're appreciative of the efforts of the U.S. Department of Energy and of PNGV to help move fuel cell technology out of aerospace and into industry."

Test on Kennewick Man Skeleton Suggests Native American Classification

The Department of the Interior yesterday released results of radiocarbon dating on the bones of Kennewick Man, placing their age at between 9,320 and 9,510 years old. DOI also said the remains should be classified as Native American under federal law, but that is unlikely to end a custody battle over the remains. The next step in the complex struggle between a coalition of five Northwest Indian tribes who want to bury the bones and the scientists who want to study them is finding out whether the ancient skeleton is culturally affiliated with modern tribes. A federal judge in Portland, Ore., has given the DOI until March 24 to decide if it will give permission for further study of the bones.

U.S.-China Science for Sustainable Development Forum

This week I led U.S. delegations to two meetings with the Peoples' Republic of China: the Vice President's Environment and Development Forum and the Joint Commission on Science and Technology. During the Forum, China, for the first time agreed to engage in a formal discussion of climate change, starting with the science issues; China also confirmed its commitment to a high level bilateral policy dialogue on climate change later this year.

International Trade in Agricultural Biotechnology Products

Next week (January 20 – 28) in Montreal, negotiations resume on the Biosafety Protocol under the Convention on Biological Diversity. While the original intent of the 1992 Convention was to protect the world's biological diversity, the EU and many developing countries would like the Biosafety Protocol to impose a new regulatory regime on global trade of biotechnology-derived agricultural commodities. Since the United States is not a member of the Convention, our positions have been advanced through a negotiating block of agricultural exporting nations known as the Miami Group (United States, Canada, Australia, Chile, Argentina, and Uruguay). This strategy has been successful – it prevented approval of an unworkable protocol in Cartagena last February. However, international pressures are mounting and the prospects of the Miami Group maintaining a unified front are less certain than in past negotiation sessions. Our primary objective is to develop a protocol that protects biological diversity, but does not unnecessarily encumber our agricultural exports.

Breakthrough in Agricultural Biotechnology

In this week's *Science* magazine, Swiss scientists (supported, in part, by the Rockefeller Foundation) report on their work on developing new strains of rice that produce beta-carotene, the precursor to vitamin A. Worldwide, roughly 124 million children suffer from vitamin A deficiency and 1 - 2 million die from its effects. The primary symptoms of vitamin A deficiency range from impaired vision to total blindness. In order to provide adequate amounts of vitamin A in the diets of children, scientists had to engineer four genes into rice. The engineered rice grains are golden in color, rather than the more typical white, reflecting the presence of beta-carotene. Scientists must now conduct safety tests and incorporate the genes into more desirable varieties of rice. This is expected to take up to two years.

National Research Council Report Substantiates Global Warming

The National Research Council (NRC) released a report on Thursday that addresses one of the strongest criticisms made by climate-change skeptics. Its finding that, while the satellite record shows less warming than the surface record, it does not show cooling, received extensive news coverage (CBS Evening News, Washington Post, AP, New York Times, LA Times). Previous analyses of the satellite-measured temperature record have shown a cooling of the lower troposphere (the lowest 8 km of the atmosphere) over the last several decades, results at odds with surface-temperature records and global climate models. Climate skeptics have used this discrepancy to cast doubt on all global change research. The NRC report concludes that "The warming trend in global-mean surface temperature observations during the past 20 years is undoubtedly real and is substantially greater than the average rate of warming during the twentieth century." The report is a significant scientific statement indicating that there is no credible scientific dissent from the statement that the surface of the Earth has warmed over last 120 years, and that the rate of increase has accelerated in the last 20 years.

Celera Genomics Announces Human Genome Sequencing Results

On January 10, Celera Genomics Corporation announced it has sequenced 90 percent of the human genome and deposited 97 percent of human genes in their subscription-only database. Celera's method involves breaking up the genome into random fragments, sequencing those pieces, and reassembling them in proper order. To accomplish the latter step, Celera will depend on sequence and map data made publicly available at no cost by the government-funded human genome project. The government project is sequencing the genome in end-to-end order, and expects to complete a "rough draft" by spring.

Copied

Ibarra
Podesta

(p.1)

THE WHITE HOUSE
WASHINGTON

January 14, 2000

THE PRESIDENT HAS SEEN

01-17-00

ANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

SUBJECT: Office of Intergovernmental Affairs Weekly Report – January 10-14, 2000

STATE OF THE UNION

The United States Conference of Mayors (USCM) has agreed to conclude their Gala dinner prior to the start of your State of the Union speech on January 27, so that all 200 mayors can watch your speech together in a special venue that the USCM has arranged. IGA intends to build an extensive regional media opportunity for the mayors following the State of the Union. We are also planning pre-State of the Union briefings for select governors, mayors, and other elected officials. IGA is working with the Office of Communications to identify a location for your second post-State of the Union address on January 28.

INTERNET TAX MEETING

On January 13, IGA met with OVP, NEC, Treasury, and Legislative Affairs to review the current status of the Congressional E-Commerce Advisory Commission's on-going deliberations. We also discussed the Administration's response to the concerns expressed by the Democratic Governors at the meeting you convened on December 17, 1999.

HISPANIC ELECTED LOCAL OFFICIALS

On January 12, IGA met with Victor Hernandez (D), the new president of the organization of Hispanic Elected Local Officials (HELO) and other officers. This organization includes 900 members and is affiliated with the National League of Cities. IGA agreed to work very closely with HELO to build support for your policy initiatives. They also presented a HELO resolution opposing continued use of Vieques by the Navy for target practice.

GOVERNORS

Governor Thomas Carper (D-DE): The Health Care Finance Administration (HCFA), which has been working closely with Delaware state officials including Governor Carper's office, decided ~~this week to continue HCFA certification of the state's only psychiatric hospital~~, after significant progress was made by the hospital in addressing patient health and safety concerns. HCFA Administrator Nancy- Ann Deparle is expected to convey this news to Governor Carper today.

Governor Howard Dean (D-VT): Governor Dean wrote to you that he "remains committed to doing whatever he can" to help with the Administration's efforts to bring China into the World Trade Organization.

Governor Ronnie Musgrove (D-MS): Ronnie Musgrove was sworn into office on Wednesday, January 11, replacing retiring Governor Kirk Fordice. Last week, the Mississippi House of Representatives ratified Musgrove's election, as required by the State's constitution because he did not receive a majority of the popular vote in the gubernatorial election last November.

Governor Paul Patton (D-KY): On January 10, Vice President Gore called Governor Patton to notify him that you had approved disaster declarations for three Kentucky counties for damage resulting from a severe tornado on January 3 - 4. IGA assisted Cabinet Affairs and FEMA in notifying officials in the three Kentucky counties. The Governor is appreciative of the Administration's quick response.

Governor Marc Racicot (R-MT): On January 13, the Press Office announced your nomination of Governor Racicot to serve as a member of the Board of Directors of the Corporation for National and Community Service.

CITIES / COUNTIES

National League of Cities (NLC): On January 12, NLC held a news conference to announce the results of the 16th Annual NLC "State of America's Cities" report. Releasing the report, Mayor Bob Knight (R-Wichita), president of NLC, announced that he will focus his presidency on carrying out a broad, locally sustained and collective effort to overcome racism in America. The report found local government officials ready to lead their communities in various efforts to mitigate racism, including pursuing model practices and behaviors to undo racism, by advocating for local policies and programs to promote racial equality, and by engaging their communities in discussions about race and racism. The annual survey shows improved conditions and optimism as well as growing concern about sprawl.

Houston: IGA is working with HUD officials to arrange a meeting with Secretary Cuomo and Mayor Lee Brown to address affordable housing and empowerment zone issues that the Mayor raised with you during your visit on Tuesday.

INSULAR AREAS

Rossello Hospitalized: Puerto Rico Governor Pedro Rossello (D) was hospitalized for gallstones and was scheduled for surgery today. We sent a note to him from you.

Puerto Rico's Status: Governor Rossello, Resident Commissioner Carlos Romero-Barcelo (D), and other insular officials hope that in your State of the Union Address you will urge Congress to enable a Puerto Rican status choice.

Guam Millennium Contribution: Speaker Tony Unpingco (R) and *The Pacific Daily News* criticized territorial agencies for contributing \$200,000 to the Millennium celebration's diplomatic event to promote the island. Governor Carl Gutierrez (D) defended the contributions.

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN

01-17-00

January 14, 2000

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Summary of Cabinet Weekly Reports
January 8 - 14, 2000

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

- **Martin Luther King, Jr. Day:** In response to your call for the Martin Luther King, Jr. Federal Holiday to be celebrated as a "day on, not a day off," members of your Cabinet and sub-cabinet are participating in community service events on January 17. Cabinet Affairs has worked with the agencies to coordinate agency participation in service events in Washington, DC and across the country. More than 25 members of the Cabinet and sub-Cabinet are currently scheduled to perform service on that day, and others continue to make commitments. The following Cabinet members will participate in community service events on the Martin Luther King, Jr. holiday: Attorney General Reno, Secretary Babbitt, Secretary Riley, Director McCaffrey, Director Witt, Chair Baily, Director Lachance, and Commissioner Apfel. In addition, Secretaries Herman, Shalala, Cuomo, Slater, Richardson, and West, and Administrator Alvarez will participate in commemorative events to honor Dr. King's legacy throughout the holiday weekend.

DEPARTMENT OF TREASURY

- **Ecuador:** On January 9, President Mahuad announced that Ecuador would dollarize, catching the IMF and most observers by surprise. The announcement came just as the IMF was about to finalize a Standby Program for Ecuador. The IMF sent a fact-finding and technical assistance mission to support the new arrangements, but at best the decision to dollarize is expected to delay any new IMF program while complex policy issues are worked out. The sucre exchange rate was stable for the first few days after the announcement in extremely light trading, but most observers feel that dollarization cannot substitute for the tough measures needed to tackle Ecuador's underlying fiscal and bank restructuring problems. Treasury is watching the situation closely and are consulting with IMF management and Ecuadorian officials.

- **Debt Buybacks:** On January 13, Secretary Summers announced that Treasury will conduct debt buyback operations this year. The announcement accompanied the adoption of final rules governing the program. Depending on the results of early buyback operations, Treasury may buy back up to \$30 billion in Treasury securities during 2000. Debt buybacks will provide an important new debt management tool which will allow Treasury to enhance the liquidity of benchmark securities and better manage the maturity structure of Treasury's debt. OMB, after consultation with CBO and the leadership of the House and Senate Budget Committees, has determined that the most appropriate budget treatment for any buyback purchase premium (or discount) is as a "means of financing." Under current practice, means of financing treatment is accorded to uses of funds that do not entail a true cost to the government. Consequently, debt buybacks will not increase or decrease the budget surplus.
- **School Violence:** Following last year's Columbine High School shooting and other school shootings, the Secret Service began a case study of the causes of school violence. The Secret Service is examining the factors or characteristics that lead students to take violent action at school, with the ultimate goal of helping schools identify troubled students and intervene before violence occurs. The project, which includes interviewing 30 defendants in recent school shootings, will continue throughout this year. On January 10, Treasury and Secret Service staff briefed Secretary Riley on the project.
- **BusinessLINC:** On January 6, Treasury participated in the DC BusinessLINC coalition's formal kick-off event. The event was sponsored by the Greater Washington Board of Trade and included representatives from major DC businesses, local officials, and Community Empowerment Board officials. The DC coalition will focus on the development of new neighborhood businesses and new mentoring relationships in partnership with DOD, the Business Roundtable, and Howard University.

DEPARTMENT OF JUSTICE

- **Age Discrimination:** On January 12, the Supreme Court issued a 5-4 decision holding that state employees may not sue their employer under the Age Discrimination in Employment Act. Rejecting the position of the plaintiffs and DOJ as *amicus*, the Court concluded that Congress did not intend to abrogate state sovereign immunity in passing the Act because age has not been accorded the same constitutional status as race or gender.
- **Violence Against Women Act (VAWA):** On January 11, the Solicitor General argued before the Supreme Court in companion cases which challenge the constitutionality of the civil suit provision of VAWA. The S.G. argued that the provision, which creates a federal cause of action for victims of gender-related violence, is a permissible exercise of

Congress' power under the Commerce Clause and the enforcement clause of the Fourteenth Amendment. The Fourth Circuit Court of Appeals had invalidated the provision as unconstitutional under both clauses.

- **Terrorism Plot Foiled:** On December 30, a complaint in the S.D. NY was unsealed charging a defendant with concealing his material support of efforts to violate the federal explosives laws. The defendant also allegedly conspired with others to traffic in and use fraudulent credit and bank cards. According to the charges, from December 11-16, the defendant was in Seattle, WA, where he was to meet with a member of a "well-organized group" tasked with delivering a rental car loaded with explosives to a parking lot, where it was to be retrieved by another group member. This plan was thwarted by the group member's December 14 arrest and the seizure of his bomb-laden vehicle as he attempted to enter the U.S. in Port Angeles, WA. The complaint also charges that, following the group member's arrest, the defendant returned to his Brooklyn apartment and attempted to destroy evidence of his trip to Seattle, including an airline ticket and a bank statement, both in the name of an alias he allegedly used.
- **Deportation of Former Nazi Guard:** On December 28, a panel of the Third Circuit Court of Appeals unanimously affirmed a 1998 decision of the Board of Immigration Appeals upholding a removal order the Office of Special Investigations won in 1997 against Nikolaus Schiffer of PA. The order was based on Schiffer's participation in acts of persecution while serving during World War II as an armed SS camp guard in Germany and in Poland.
- **Defendant Sentenced for Arson Attempt:** On December 29, 1999, defendant Randal Hanson was sentenced to 60 months in prison for his conviction on attempted arson charges. On April 5, 1998, defendant Hanson attempted to set fire to the Fargo Women's Health Organization, Inc. in Fargo, ND.
- **AR Violence Prevention Seminar:** On January 27, the U.S. Attorney for the E.D. AR is sponsoring a training seminar on violence prevention. The seminar will focus on determining predictors of school violence, and community and educators' responses to school violence. The seminar will be attended by victim service providers, school officials, and law enforcement personnel.
- **Civil Rights Cases:** On January 16, BJS is expected to release *Civil Rights Complaints in U.S. District Courts, 1990-98*. The report presents findings about civil rights cases that dealt with employment, housing, welfare, voting, or other civil rights issues between 1990 and 1998. Information is presented on trends in types of civil rights cases filed, the basis of Federal court jurisdictions, disposition of civil rights cases, etc. Data show that civil rights complaints more than doubled between 1990 and 1998, primarily due to growth in employment-related cases between private parties.

- **Veterans in Prison:** On January 18, BJS is expected to release *Veterans in Prisons or Jail*, which presents data concerning inmates' prior military service. The report indicates that there were an estimated 225,700 veterans incarcerated in the U.S. at the end of 1998. Among adult males, veterans were found to be half as likely to be incarcerated as non-veterans in the U.S. population. The report also compares veterans with other prison and jail inmates in terms of their current offenses, sentence lengths and criminal histories, as well as their substance abuse and mental health histories.

DEPARTMENT OF INTERIOR

- **Grand Canyon National Park Light Rail Plan:** Grand Canyon National Park will announce the selection of five qualifying teams of companies that will compete to design, build, and soon operate the proposed new multi-modal transportation system in the park. NPS will issue a draft Request for Proposals as early as March after finalizing new concession regulations. NPS expects the final selection process to be completed by November.
- **Salton Sea Remediation:** On January 12, DOI released a draft environmental impact statement and summary of recommendations for remediation of the Salton Sea in Southern CA. The announcement will be made at a major conference in which the Southern CA Congressional delegation and Senator Feinstein will participate.
- **BLM to Withdraw Land in NM:** Around January 14, BLM plans to publish a *Federal Register* notice withdrawing 8,470 acres of public lands from surface entry, mining, and mineral leasing and 480 acres of Federal mineral estate from mining and mineral leasing for 20 years. BLM is withdrawing these lands to protect valuable cave resources in the Carlsbad Cave and Karst Areas. The Eddy County Board of Commissioners opposes the withdrawal. Although most local residents are not opposed, they fear that it is the first step toward the area being included in the Carlsbad Caverns National Park.
- **DOI and NM Land Exchanges:** On January 13, DOI and the NM State Land Commissioner announced the near completion of two large land exchanges. In each of the NM exchanges, State trust lands in environmentally or culturally sensitive areas within the Petroglyph National Monument and the Chaco Cultural National Historic Park will be exchanged for BLM public lands more suitable for earning revenues to support the NM education system.
- **20th Anniversary of Alaska Lands Act:** From August 23-28, former President Jimmy Carter will be in Anchorage to participate in a roundtable discussion on the 20th anniversary of the AK National Interest Lands Act.

- **Interpretation of Civil War Sites:** In response to a request from Congress in the FY2000 Appropriations Act, NPS is preparing a report that assesses the status of educational information currently being conveyed at NPS Civil War sites. The report looks at how those sites describe the causes of the American Civil War, including the role that the institution of slavery played in causing the war. The final report will be available after February 29:

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Meat Exports to the EU:** It is expected that the EU decision whether to continue accepting U.S. beef, pork, and horsemeat exports will be reached at a Standing Veterinary Committee (SVC) meeting on February 8-9. USDA will provide comments on the final EU report which will be submitted to the SVC.
- **Court to Hear Friends of Earth Case:** On January 18, the VT U.S. District Court will hold a preliminary injunction hearing in a case challenging Forest Service actions as arbitrary and capricious because of failure to account for all the costs and benefits of forest management planning. Plaintiff Friends of the Earth has chosen four timber sale areas on the Green Mountain National Forest as examples and seek an order enjoining the Forest Service from permitting or undertaking any ground disturbing work in connection with the sales. The plaintiffs have asked that the Forest Service comply with the Multiple-Use Sustained Yielded Act, the Forest and Rangeland Renewable Resources Planning Act, and the National Forest Management Act.
- **Asian Longhorned Beetle:** On January 14, the first meeting of a New York City Task Force on Asian longhorned beetle is scheduled. An ARS entomologist at the Beneficial Insects Introduction Research Unit, Newark, DE, was contacted by staff member of the Deputy Mayor of New York City, requesting that he participate at the meeting. Current concerns are directed specifically at the recent infestation found bordering Central Park.
- **Commodity Markets:** Wheat cash prices were unchanged last week, but futures rose because of concerns over dryness in the western Great Plains. Corn cash prices were down slightly as futures rose following continued reports of poor weather in South America. Soybean prices were up across the board on worries about the South American crop. Rice cash prices fell on tepid demand and large supplies, but futures rose ahead of the January 12 *Crop Production* and *Rice Stocks* reports. Cotton prices were sharply higher on lower production prospects for China. Cash cattle prices dropped with wholesale beef prices but futures were up modestly in anticipation of a rebound in beef demand. Strong gains for belly, ham, and picnic cuts helped boost hog prices. Seasonally weak demand sent broiler prices down last week. Cheese and butter prices were almost unchanged.

DEPARTMENT OF COMMERCE

- **Business Development Mission to South America:** Planning meetings have started in preparation for Senator Daley's business development mission to Brazil, Uruguay, Argentina and Chile from February 13-21. DOC has received over 30 applications from potential participants so far. DOC's International Trade Administration has met with the Chilean and Argentine embassies to explore ideas relating to the mission, including a joint event involving the National Marine Fisheries Service and its Chilean counterpart, and a virtual conference hosted by the Argentine Vice-President between students from Argentina's University of Cordoba and Pan-American University in Texas.
- **Improve Census Mail Response Rates:** On January 11, Secretary Daley announced a new Census 2000 National Public Outreach Campaign at the National Press Club. The "90+5" campaign challenges communities to increase Census 2000 mail response rates by five percentage points over their 1990 census rates.
- **Tariff Waivers for Boeing Aircraft to Russia:** On January 5, the Russian Government finally completed the paperwork granting tariff waivers on four Boeing 767 aircraft sold to Aeroflot. This delivery culminates a year-long effort by the Administration to secure waivers on these aircraft.
- **Encryption Policy:** On January 14, DOC's Bureau of Export Administration published proposed amendments to the Export Administration Regulations implementing the White House's September 1999 encryption policy announcement in the *Federal Register*. The amendments will make major revisions to export controls on items with encryption capability. We expect favorable comment from industry and privacy groups.
- **Makah Whaling Appeal:** The Ninth Circuit Court of Appeals has scheduled oral argument in a case which Rep. Jack Metcalf and other plaintiffs challenged the U.S. government role in facilitating the subsistence hunt of gray whales by the Makah Indian Tribe. The appeal of Judge Burgess' opinion upholding the Government's actions will be heard February 8 in Seattle.
- **North Cape Oil Spill:** About 110 RI lobstermen have agreed to settle their damage suit against Eklof Marine Corporation for the January 1996 North Cape oil spill for \$10 million. The money is compensation for the millions of lobsters killed and will benefit the fishermen through next year. A study conducted by NOAA and other trustees predicted that the fisheries will fully recover by that time.
- **U.S.-Japan S&T Study:** On January 26, DOC's Technology Administration will host a planning meeting for the February 6-7 session of the Joint Study on U.S.-Japan Science and Technology Cooperation Applied to Societal Problems panel. You and Prime

Minister Obuchi agreed upon the Joint Study at your April 1999 meeting. The panel hopes to have a study completed for presentation at the U.S.-Japan Joint High Level Committee meeting tentatively set for the first week in May.

- **U.S.-Australia Meteorological Project:** NOAA is collaborating with the Australian Bureau of Meteorology on an advanced marine prediction system for guidance in search and rescue operations and oil spill events. The system, called the Net Water Movement Project, will be installed in Canberra over the next year. NOAA is providing high-resolution sea level analyses in near-real time.
- **Environment and Development Forum:** The U.S. and China will co-host the third session of the Vice Presidential U.S.-China Forum on Environment and Development in HI during January 11-14. Approximately 150 U.S. and Chinese officials and industry representatives are expected to attend.

DEPARTMENT OF LABOR

- **Groundhog Job Shadowing Day:** DOL in partnership with America's Coalition, which includes the National School to Work Office, will celebrate National Groundhog Job Shadow Day on February 2 with some 200 students and matching mentors throughout DOL. The students will spend the day on the job learning how the skills they learn and practice daily in school are used on the job.
- **Kentucky Storms:** On January 6, FEMA was advised that the early level of unemployment resulting from high winds and tornadoes that struck the counties of Daviess, Crittenden and Webster, KY, on January 4 is at 355. The Kentucky Workforce Development Agency expects that a majority of the dislocated workers will be covered under the State Unemployment Insurance (UI) system, but it has received applications from unemployed individuals who do not qualify for UI. These applications will be flagged for potential Disaster Unemployment Assistance, should a Presidential Disaster Declaration be announced. Some 40 businesses were damaged in the three counties resulting in closings.
- **Association of Flight Attendants File Submission:** On January 7, the U.S. National Administrative Office accepted for review a submission filed by the Association of Flight Attendants, AFL-CIO and the Association of Flight Attendants of Mexico. The submission raises concern about the freedom of association and occupational safety and health rights of flight attendants at the Mexican airline Executive Air Transport, Inc.
- **Miller Park Construction Firms Cited:** On January 12, OSHA's Milwaukee office will announce citations alleging workplace safety violations to three subcontractors involved in the construction of the Miller Park professional baseball stadium. The citations are a

result of OSHA's investigation into the July 1999 "Big Blue" crane collapse that resulted in the death of three workers at the site.

- **Collective Bargaining Update (Aerospace):** In a reaction to Boeing's announcement that on January 13, the company would propose a final contract offer for its 22,600 engineers and technical employees, the Society of Professional Engineering Employees in Aerospace, the bargaining agent for those workers, said it would call a strike if that offer was unchanged from previous ones.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Ryan White Act National Meeting:** On January 18-21, the Health Resources and Services Administration's (HRSA) HIV/AIDS Bureau will sponsor the first-ever conference, "Making a Difference: HRSA's HIV/AIDS Programs," in Washington, DC for all Ryan White CARE Act grantees. The first "Ryan White CARE Act Progress Report," marking the program's 10th anniversary, is also expected to be released.
- **Anti-Drug Performance by Youth at the Kennedy Center:** On January 25, SAMHSA and the Office of the Surgeon General are joining with the "Be Your Best Foundation" of Australia to host a high school performing arts competition at the Kennedy Center in Washington, DC. Australian performers will be joined by youth from the Washington, DC area Ellington School of Arts, McLean High School, Langley High School, Thomas Jefferson School of Science and Technology and Eastern High School to use art, music, drama, and dance to promote a drug-free message.
- **St. Clare's Hospital and Health Center Termination Track:** On January 14, the termination is scheduled for St. Clare's hospital. The hospital, which is located near Times Square in New York City, has been put on a termination track after a series of surveys and findings that violate Emergency Medical Treatment and Labor Act (EMTALA) regulations. An ALERT was issued simultaneously with a public notice. High media attention is expected.
- **President's Council on Food Safety:** On January 19, the FDA will participate in the President's Council on Food Safety Comprehensive Food Safety Strategic Plan Public Meeting in Washington, DC. The Council wants to engage all interested stakeholders in a discussion about the draft goals, objectives, and action items for the U.S. food safety system.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Public Housing Assessment System Yields Positive Results:** In a ceremony at HUD headquarters, Secretary Cuomo presented awards to 275 Public Housing Authorities,

which have received successful performance scores on the Public Housing Assessment System. The system measures performance in three major categories – financial, physical, and management.

- **Center Seeks Funding from FY2001 Budget:** The Center for Community and Interfaith Partnerships is collaborating with the Office of Management and Budget and the Domestic Policy Council on the FY 2001 Budget, which includes a proposed \$20 million set-aside for faith-based groups. If enacted, this would mark a significant increase in the Center's funding to continue its mission to focus, integrate and intensify HUD's involvement with faith and community-based organizations. As part of the \$20 million set-aside, Center staff have developed a Section 8 Voucher Mentoring Program to increase the effectiveness of the Section 8 Voucher program creating communities of support for tenants, landlords, and communities where Section 8 renters locate.
- **Center Plans for Houston Faith-Based Conference:** The Center for Community and Interfaith Partnerships has scheduled a regional Faith-Based Conference in Houston, to be held January 26 & 27. Seven 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 February to September.
- **Proposed Rule for Government Sponsored Enterprises:** The Office of Fair Housing and Equal Opportunity has worked on a proposed rule that would modify HUD's affordable housing goals for Fannie Mae and Freddie Mac. OMB recently finished reviewing the proposed rule, and plans to send it through FHEO for clearance. FHEO continues its participation in the HUD-sponsored national campaign for input on HUD's proposed changes. The remaining public forums will occur on: February 10, 2000 in Raleigh-Durham, February 17, 2000 in San Antonio, and February 24, 2000 in Chicago.

DEPARTMENT OF TRANSPORTATION

- **CA State Route 15 Ribbon-Cutting:** On January 15, a ceremony will be held for the estimated \$153 million, 3.5 km (2.2 mile) controlled-access freeway in San Diego County, CA. The project will close the gap on State Route 15 (SR 15) between I-805 and I-8 by following the 40th Street alignment through the Mid-City community of City of San Diego. Initial construction has four-lanes with an ultimate goal of ten, including two HOV lanes, with potential for conversion to a fixed-rail system. One of the key features of this facility is the construction of a one block cut-and-cover to keep the community cohesive. ISTEA demonstration funds in the amount of \$5 million were provided for the project in the past.

- **IL State Manager Involved in Commercial Driver Licensing Scandal Jailed:** On January 4, the former manager of the IL Secretary of State's commercial driver's license-testing facility in McCook, was sentenced to one and a half years in jail and ordered to perform 200 hours of community service for her role in a bribery scandal that let unqualified truckers be licensed. The former manager pleaded guilty to charges that her actions allowed more than 250 unqualified applicants to obtain commercial truck driving licenses.

DEPARTMENT OF ENERGY

- **Travel to the Switzerland, Norway, and the Baltics:** From January 28-February 6, Secretary Richardson will travel to Davos Switzerland, where he will keynote the Energy Industry Governors Roundtable and conduct bilateral meetings with his counterparts from key nations, including Nigeria, Colombia, Mexico, Kazakhstan, and Russia. In Norway, Secretary Richardson will deliver remarks to the Nobel Institute and keynote the Energy Policy Conference. In Lithuania, he will keynote the DOE/AID sponsored Baltic Electric Power Investment Seminar. He will also travel to Latvia and Estonia to meet with government leaders. While in the region, Secretary Richardson hopes to sign a clean energy statement with the three Baltic nations and a science and technology agreement with the Estonians focusing on oil shale cooperative research.
- **Green Energy Parks Conference:** From January 25-27, in Ocean City, MD, the Green Energy Parks Conference will bring together National Park Service personnel with DOE, industry and other private sector partners who can help them implement energy efficient and renewable energy projects at their facilities.
- **Rebuild America's 250th Partnership:** In mid-February, Rebuild America and its Rebuild Austin partners will celebrate Rebuild America's 250th partnership with a block party and event in a low-income neighborhood. Participants will tour the renovated daycare and educational facilities of the Ebenezer Baptist Church and the East Austin Economic Development Corporation building. Rebuild America is a network of community partnerships that saves money by saving energy.
- **Russia Plutonium:** Representatives from State, DOE, and DOD are scheduled to travel to Moscow during the week of January 24 to finalize the language of a bilateral plutonium disposition agreement. Continuing negotiations during the past year have resulted in agreement on all major issues except one – nuclear liability. The parties will try to resolve this issue as well as to agree on final draft text language prior to intergovernmental review on both sides. Implementation of this agreement is essential to enable surplus plutonium disposition to proceed in both countries and is a key objective of U.S. nonproliferation efforts.

DEPARTMENT OF EDUCATION

- **Correspondence with Rep. Hoekstra:** DOEd continues to respond to questions from Rep. Hoekstra, chair of the DOEd oversight subcommittee, about DOEd's accounting and management practices. When he visited DOEd in October, accompanied by a camera crew, Rep. Hoekstra raised several questions about DOEd practices.
- **TX Higher Education Desegregation Review:** On January 12, officials from DOEd's Office for Civil Rights (OCR) were scheduled to meet with TX officials, including a representative from Gov. Bush's office, in an attempt to secure an acceptable commitment from TX to take specific steps toward eliminating vestiges of segregation in the state's higher education system. On December 6, TX submitted a proposed resolution agreement to OCR. DOEd sent a letter to the Governor's representative on December 16, advising the state that its proposal was not acceptable.
- **Court Upholds Graduation Test in TX:** On January 7, a Federal judge in San Antonio rejected a lawsuit contending that a statewide high school graduation test discriminates against minority students. The judge found that the TX Assessment of Academic Skills, known as TAAS, did not single out minority students and that the state administered it fairly, allowing students to take it eight times, if necessary. TX noted that scores by minority students, while lagging behind, had improved in recent years. The lawsuit was filed by the Mexican American Legal Defense and Educational Fund, which argued that the test placed minority students at a disadvantage because they are more likely to attend schools where resources are scarce and learning is more difficult. The legal analysis followed by the court is consistent with draft guidance on testing prepared by DOEd's Office for Civil Rights.
- **Safe and Drug-Free Schools:** On January 20, "Reasons for Hope," the first in a series of ten programs to help teachers, schools, and communities work together to improve school safety, will be broadcast. DOEd's Safe and Drug Free Schools Program, in partnership with DOJ and HHS, has been working with the NEA on the broadcasts which are being developed by the NEA-EchoStar Safe Schools Satellite Project.

DEPARTMENT OF VETERANS AFFAIRS

- **Interagency Computer-based Patient Record System:** Representatives from VA, the Indian Health Service, and DOD are collaborating on a Government Computer-based Patient Record System that will provide for the exchange and sharing of patient information, while protecting patient privacy and confidentiality. The proof of concept for this system will be demonstrated during January, and a full prototype demonstration is planned for mid-2000.

- **VA's Homeless Providers Grant Program:** On January 16, Secretary West will present a check for nearly \$500,000 to Caring Services, Inc., a community based non-profit organization in High Point, NC, to create transitional housing for homeless veterans. This was made possible by VA's Homeless Providers Grant and Per Diem Program, which has issued over 50 awards in 1999 totaling \$15 million.

ENVIRONMENTAL PROTECTION AGENCY

- **\$50 million Great Lakes Restoration Initiative:** This week, Vice President Gore announced that the Administration will propose a new initiative in its FY2001 budget to help restore the Great Lakes. The proposed initiative would provide \$50 million in matching grants to clean up contaminated sediments, control storm water, restore wetlands, acquire greenways and buffers, and control polluted runoff in existing "areas of concern." The funds would be awarded by the EPA through a competitive grant process.
- **Study on Indoor Air and Asthma:** On January 19, the Institute of Medicine of the National Academy of Sciences will issue a study on the relationship between indoor air quality and asthma. Asthma affects over 17 million Americans and many researchers have considered the extent to which the indoor environment plays a role in increasing the problem. At EPA's request, the NAS compiled and examined the results of a variety of epidemiological and clinical health studies related to exposure to indoor air and asthma. The NAS study to be released on Wednesday is the result of this examination. The results of this NAS study will be used by EPA in designing public information campaigns to reduce exposure to indoor asthma triggers. This campaign was announced a year ago by the First Lady as part of a multi-million dollar initiative to fight asthma.

UNITED NATIONS

- **Iraq- Chair for UNMOVIC:** Discussions continue between the Secretary-General, Secretariat, and Security Council members regarding the Executive Chair of the UN Monitoring, Verification, and Inspection Commission (UNMOVIC). The selection of the UNMOVIC. Executive Chair is an important first step in implementing UNSCR 1284 on Iraq; the resolution calls for an appointment by January 16.
- **Burundi:** On January 19, former South African President Mandela will address the council as the newly-named facilitator of the Burundi peace process. Mandela's appointment is a major step toward resolving the conflict and USUN sees his appearance in New York as the basis for the Security Council to take an active role in the Arusha peace process.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Montana:** At the invitation of Senator Baucus, Director McCaffrey will travel to Billings, Montana from January 20-21. Director McCaffrey will meet with federal, state, local, and tribal enforcement personnel from agencies throughout the state to discuss drug free communities, methamphetamine facts and figures, drug courts, High Intensity Drug Trafficking Areas (HIDTA), law enforcement intelligence sharing, and drugs in prisons, prevention and treatment.

SMALL BUSINESS ADMINISTRATION

- **Martin Luther King, Jr. Day:** On January 17, Administrator Alvarez will travel to Chicago to address the Rainbow/PUSH Martin Luther King, Jr. breakfast event at the Chicago Hilton & Towers with Reverend Jackson. The Administrator's remarks will emphasize racial reconciliation and celebration of diversity. Later, the Administrator will travel to Des Moines, Iowa where she will join Lt. Governor Sally Perderon and Des Moines Mayor Preston Daniels in addressing the Des Moines Youth/Educators Forum at Drake University.
- **Internet Corporation for Assigned Domain Names and Numbers:** The Internet Corporation for Assigned Domain Names and Numbers (ICANN) organization has asked for public comments on the need for more "top level domains" such as .com, .net, and .org. A working group organized by SBA's Office of Advocacy met on January 6 to discuss issues related to internet domains. A major underlying issue is ownership rights to existing top level domains and how trademarks and other property rights can be protected without erecting barriers to competition and without deterring continued growth and innovation in the market.

OFFICE OF PERSONNEL MANAGEMENT

- **MSPB Report:** On January 12, the Merit Systems Protection Board issued a report entitled "Restoring Merit to Federal Hiring: Why Two Special Hiring Programs Should Be Ended," critical of the Outstanding Scholar and Bilingual/Bicultural programs. OPM strongly disagrees with the recommendations of this report.

GENERAL SERVICES ADMINISTRATION

- **Energy Workshop:** From February 1-2, GSA and the UN, in a unique partnering effort, are co-hosting a workshop on Energy Efficiency, Global Competitiveness, and Energy Deregulation. This international workshop takes place at the UN in NY and is free for federal employees. Administrator Barram will be one of the keynote speakers at the

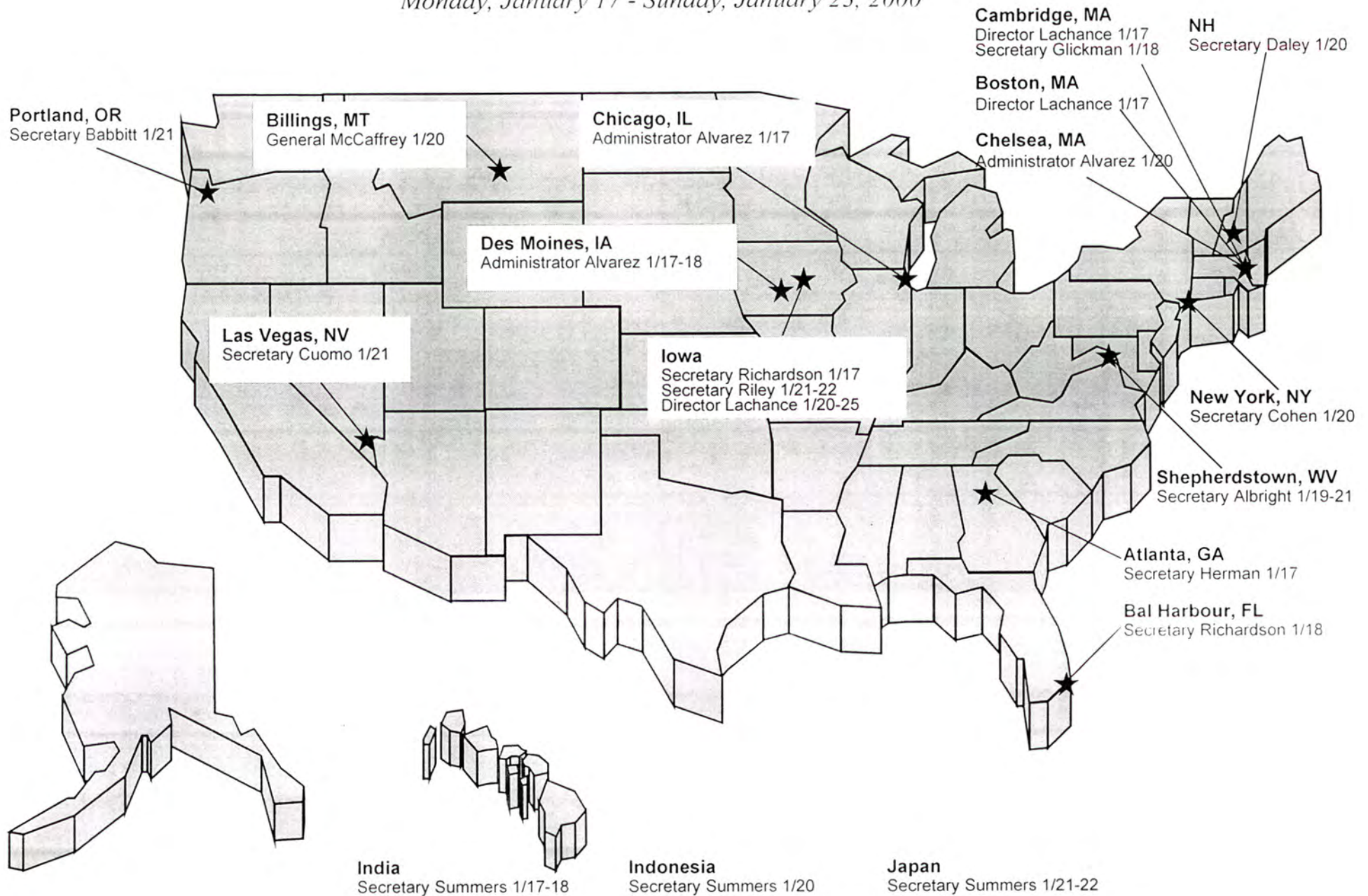
opening session. An international cadre of presenters will discuss such topics as energy-efficient technologies, deregulation, competitive power markets, energy solutions, and alternative financing options.

SOCIAL SECURITY ADMINISTRATION

- **Medicare Buy-in Demonstration:** SSA's FY2000 appropriation includes authority for a second year of SSA partnership efforts with states to evaluate means to promote the Medicare buy-in programs targeted to low-income elderly and disabled Americans. In its demonstration pilots this coming year, SSA will build on the experience gained and the partnerships formed with 11 states in FY1999. The demonstration models for this year will test additional methods to increase enrollments in the buy-in programs while providing enhanced knowledge about the target population. These methods will include an increased SSA role in case development in the eligibility decision-making process, more extensive peer assistance, and a new profiling model to better determine potential enrollees.

Cabinet Travel

Monday, January 17 - Sunday, January 23, 2000



cc:

The Vice President
John Podesta
Martin Baily
Sandy Berger
Sidney Blumenthal
Charles Burson
Mary Beth Cahill
Maria Echaveste
George Frampton
Mickey Ibarra
Ben Johnson
Joel Johnson
Janis Kearney
Neal Lane
Jack Lew
Ann Lewis
Joe Lockhart
Buddy MacKay
Sean Maloney
Minyon Moore
Bruce Reed
Steve Ricchetti
Doug Sosnik
Gene Sperling
Larry Stein
Lauren Supina
Loretta Ucelli
Melanne Verveer

THE WHITE HOUSE
WASHINGTON

MEMORANDUM

THE PRESIDENT HAS SEEN

01-17-00

January 14, 2000

TO: THE PRESIDENT

FROM: LORETTA UCELLI
STEPHANIE CUTTER

RE: Communications Weekly Report

Overview:

We are working with Maria Echaveste, the Press Office and other offices on a detailed communications plan to ensure that your State of the Union address reaches as many Americans as possible. This past week, and over the next two weeks, through events, advanced stories and other message vehicles, we are building momentum in the press and across the country before your State of the Union address. Due to scheduling difficulties presented by Middle East Peace talks next week, we also are working with other principals, cabinet and the press office to announce key items in your State of the Union and budget to keep building this momentum.

Overall Communications Efforts on State of The Union:

- ▶ We are working with the policy offices, press and outreach offices to arrange a series of advanced stories over the next two weeks that provide highlights of your State of the Union themes and budget priorities, including Medicare and other health care expansion initiatives, new investments in science and technology, veterans benefits and lands legacy funding.
- ▶ We have distributed pre-State of the Union talking points to Cabinet and others to help build momentum. We are also working with the policy offices to develop fact sheets, accomplishment sheets, talking points, and other materials to push out your State of the Union Address.
- ▶ We are working with the press office to set up radio, TV and print interviews and events for Cabinet, supportive governors and mayors and other surrogates in key media markets to amplify your State of the Union Address.
- ▶ We are working with Maria Echaveste, the First Lady's Office and others to ensure that guests in the First Lady's box reflect the American spirit and are symbolic of your priorities and accomplishments.

- ▶ We also designed a strategy to make full and creative use of the Internet leading up to and following your State of the Union Address, including creating a homepage specifically designed for children.

Specific Events Next Week:

- ▶ *Martin Luther King, Jr. Day:* In celebration of Rev. Martin Luther King, Jr.'s birthday, you will announce in your Radio Address the FY2001 civil rights enforcement budget, which includes a significant increase over last year's funding, and discuss the progress this Administration has made in protecting the civil rights of all Americans. You will also urge the immediate passage of the Hate Crimes Prevention Act. On Monday, Martin Luther King, Jr. Day, you will participate in a day of service at a local Boys and Girls Club. At the event, D.C. Cares – the service organization sponsoring this event – is kicking off the first annual Martin Luther King day of service. In remarks to a group of local volunteers, you will urge Americans to honor Dr. King's legacy by continuing to build strong communities and protect the civil rights of all Americans.
- ▶ *Crime Event:* As part of the State of the Union rollout, you will travel to Boston, Massachusetts to the Orchards Garden Community Center to announce your gun enforcement budget and Gun Violence Reduction Strategy, which puts an unprecedented level of resources into keeping guns out of the hands of criminals and children. The Orchards Garden Community Center is located in Roxbury, an area known to have high crime rates. However, the community surrounding the center has experienced a 75% reduction in crime over the last several years due to tough enforcement and a coordinated effort between the federal government, the state, the City of Boston, police and community activists.
- ▶ *Cabinet Meeting:* On Wednesday, we are considering using the cabinet meeting to push out Administration priorities, including China-WTO. Following the meeting, cabinet members can proceed to the stakeout to demonstrate a strong, unified team in this effort.
- ▶ *Teacher Quality Event:* As part of the State of the Union roll-out, at a White House event on Thursday, you and the First Lady will announce your Teacher Quality budget initiatives, which signifies an unprecedented commitment to improving teaching standards, recruiting and training qualified teachers and principals, and promoting leadership in our nation's public schools. This event will help push out key items in the State of the Union and demonstrate your and the First Lady's commitment to providing all Americans with a 21st century education.
- ▶ *Radio Address:* We are looking at your Medicare fraud initiative in the budget and a report detailing the Administration's current success in fighting fraud, waste and abuse in Medicare as the topic for next week's radio address.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

01-17-00

January 14, 2000

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: **MARY BETH CAHILL**
DIRECTOR, OFFICE OF PUBLIC LIAISON

SUBJECT: **WEEKLY REPORT** (January 8 to January 14)

Copied
Cahill
Podesta
(p.3)

I. ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES:

CHINA PNTR

Corporate Community Reacts Positively to Announcement of Sec. Daley as "China Czar."

Fortune 500 CEOs such as Michael Armstrong, Sandy Weill, Ernie Micek have committed their offices to be fully supportive of our combined campaign with the private sector. Sec. Daley has asked several cabinet secretaries to make outreach calls to over fifty CEOs to garner support and cooperation in effort to pass PNTR. Many CEOs supportive of the Administration will be in Davos during the World Economic Forum and plan to urge members of the European Union to hasten approval.

Steve Ricchetti, Chuck Brain and I continue to meet with private sector group to coordinate efforts. On Monday and Tuesday, we met with several former Administration officials to review message and strategy and on Friday we met with the ad-hoc technology coalition of companies including AOL, Hewlett Packard, Intel, IBM and others, built to support PNTR.

Also, OPL has established an interagency group of officials who work with the environmental community to discuss how to reach out to this important constituency in advance of the PNTR vote. This group will meet regularly to concentrate our efforts to effectively work with this community in garnering support for the vote and focusing on key Congressional members.

HATE CRIMES

Gearing Up on Hate Crimes Legislation. We convened a briefing for 30 religious organizations, which, most importantly, included some groups that have not been involved to date -- Catholics, Mormons, Evangelicals, and Conservative Jews. Bipartisan Hill staff were also in attendance. We will work with the coalition to try to bring more religious organizations on board -- the obvious stumbling block for some being their fear of subsequently being portrayed as advocates of gay rights. As we had hoped, the meeting did energize those who have already endorsed the bill and those whom we want to be more visible in the fight ahead.

NEW MARKETS

Wall Street Project Luncheon Helps Sustain Private Sector Interest. Your Thursday appearance energized interest in your New Markets Tour on the Digital Divide planned for April. Both large corporations and small businesses continue to offer suggestions on deliverables and possible sites.

FY01 HEALTH INITIATIVES

Health Community Applauds Administration Announcements on FY01 Health Issues. OPL and DPC held conference calls with the children's health coalition, the environmental health coalition, and nursing home providers to highlight health budget initiatives announced this week, including SCHIP and CDC Laboratory funding. OPL also worked with OSTP to amplify the Vice President's announcement in New York on AIDS and Vaccines.

II. CONSTITUENT OUTREACH AND OTHER ISSUES:

AFRICAN AMERICAN

NAACP, NBC, and ABC Announce Agreement on New Initiatives to Increase Minority Representation. As a result of last week's announcements, ABC will create more grants to discover and support new writing and directing talent and take new steps to expand the pool of available candidates for all positions. Likewise, NBC will seek out and hire qualified people of color as directors, diversify the writing staff for all shows, and set goals to increase the amount of products and/or services purchased from minority-owned businesses by 100% within the next 18 months.

AGRICULTURE OUTREACH

Bob Stallman Elected President of the American Farm Bureau Federation (AFBF). Stallman, 47, succeeds Dean Kleckner, of Iowa, who had served as AFBF president since 1986. Stallman, a Colorado County rice farmer, has served as Texas Farm Bureau president since 1993. He becomes the national organization's 11th president and has served on the AFBF board of directors since 1994.

ASIAN PACIFIC AMERICAN OUTREACH

Secretary of Energy to Adopt Recommendations of Task Force on Racial Profiling. On Wednesday, January 19, the Secretary of Energy will announce the appointment of Jeremy Wu as the National Ombudsperson to monitor and review diversity management issues at the Labs. OPL is working to get a Presidential statement to support the Department's efforts to address issues raised by the Asian American scientists at the Labs.

01-1700

DISABILITY OUTREACH

Donna McNamee Running for Ohio State Senate. McNamee, who was on stage during Work Incentives signing ceremony, recently filed papers to run against Robert Gardner, term Madison Republican. "It's been one of my dreams to run for public office" she told *Cleveland Plain Dealer*. "I've been itching to do this for a long time, but for a long time, I couldn't" -- because of the health care disincentives. She says the Work Incentives Improvement Act makes her candidacy possible. She and other advocates continue to rave about the ceremony at the FDR Memorial; they appreciated your remarks.

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ETHNIC OUTREACH

NSC Reviews Policies Toward Russia for Central and East European Coalition (CEEC). Responding to CEEC concerns that many Russian actions continue to destabilize its struggling democratic neighbors, NSC highlighted the Administration's view that the best way for Russia to pursue its security goals is to push ahead with integration into the international community. In regards to the conflict in Chechnya, NSC pointed to Administration efforts to make unequivocally clear to the highest levels of the Russian government that the autonomy and territorial integrity of neighboring countries cannot be violated. The Administration's firm commitment to the next round of NATO enlargement and continuing stabilization efforts in Southeast Europe were also highlighted.

JEWISH OUTREACH

Press Now Reporting Miles Lehrman's Resignation as Chairman of the Holocaust Museum Council. Lehrman is committed to remain in his position until a suitable candidate is found, and a decision memo regarding potential candidates will be forthcoming. The press has not yet begun speculation about potential candidates, but Lehrman's suggested successor would be well received in the community.

LATINO OUTREACH

Hispanic Organizations Not Taking Public Stance on Elian Case. Major organizations -- including LULAC, LaRaza, MALDEF, NPRC, NALEO, and the Latino Civil Rights Center -- favor the process currently at work in enabling DOJ and INS to resolve the relevant issues.

RELIGIOUS OUTREACH

Meeting with New General Secretary of National Council of Churches. Former Rep. Bob Edgar (D-PA), a Methodist minister, has begun his term at NCC. Until April, however, he also continues as President of Claremont School of Theology. NCC's legislative priorities for the coming year are: reduction of Third World Debt; Hunger Relief Act; raise in minimum wage; reduction of gun violence; and fighting AIDS in Africa. They will also be helpful on hate crimes legislation and he made some useful suggestions on China/MFN. Edgar also offered to assist in any appropriate ways in the return of Elian Gonzalez to Cuba.

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Great Appreciation Among Muslim Community. Muslim Americans were immensely gratified by your attendance at the Eid celebration. As expressed in one e-mail: "Although I emigrated from India and have many relatives who still live overseas, I always ask my children to think not only in terms of being a citizen of this great country, but also [to] feel in their heart that America is their Home. [The] President's kind words about Islam will certainly help in instilling in my children the love of Islam and America simultaneously." We are mailing your remarks to Muslims nationwide. They were also pleased with the presence of both Sandy Berger and Harold Koh. The event did, of course, provide another opportunity for them to raise the issue of secret evidence.

YOUTH OUTREACH

YOUTHVOTE 2000 Launches Presidential Campaign Activities. At a Wednesday press conference of more than 200 youth, representatives of YOUTHVOTE 2000 announced their letter-writing campaign, plans to visit presidential candidates, and efforts to hold a youth presidential debate as one of the official Fall 2000 debates. They were joined by representatives of the National Association of Secretaries of State and MTV. Earlier this week in New Hampshire, presidential candidates Hatch, McCain, and Forbes supported YOUTHVOTE's concept for an official youth debate in the fall. Bush is strongly considering the concept, while no comments have yet been rendered by Gore and Bradley.

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

01-17-00

January 14, 2000

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

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

ACTIONS

Trumpet Awards: I brought greetings from you and the Vice President at the Trumpet Awards in Atlanta. This award was created by Ted Turner to celebrate those individuals and companies who demonstrate a commitment to total community involvement, global respect for all humanity and a strong commitment to diversity. The award heralds the accomplishments of African-Americans and other men and women who have significantly enhanced the quality of life for all Americans. This year's honorees included among others, Rev. Jesse Jackson, Judge Damon Keith, Lou Rawls, Earl Graves, Shirley Caesar and Patti LaBelle.

Enlighten America: We hosted a meeting with B'nai B'rith, DPC, WH Counsel and DOJ Community Relations Service to discuss a new nationwide effort by B'nai B'rith, "Enlighten America", that will develop, implement and highlight existing programs to support character education as a means to combat bigotry, hatred and violence. The program includes grassroots organizing through youth organizations and schools, a national symposium, a high profile media event and a road show that will tour the country. We discussed the ways that the Administration can work with B'nai B'rith to amplify the One America message.

CABINET RACE INITIATIVE WEEKLY

Department of Agriculture

Fund for Rural America: At his January 10 press conference, Secretary Glickman awarded \$20 million in five Fund for Rural America "center" grants. The four-year grants will be administered by CSREES to support multi-organizational efforts addressing clusters of related agricultural, environmental, and rural development problems. The grants went to: (1) The Center for Minority Land and Community Security, led by Tuskegee University, which will help increase land retention, acquisition, and land-based economic development among African Americans, Hispanic Americans and Native Americans; (2) the Northeast Center for Food Entrepreneurship, led by Cornell University, which will assist entrepreneurs starting food manufacturing businesses and farmers trying to diversify; (3) the National Center for Manure and Animal Waste Management, led by North Carolina State University, which will provide

technical assistance and information about animal waste, while helping to lessen the environmental impact of such waste; (4) the Consortium for Site-Specific Resource Management, led by the University of Minnesota, which will identify and expand the use of information systems to help farmers more effectively manage natural resources; and (5) the National Resource Center for Rural People in Forest Communities, led by the Forest Trust of Santa Fe, New Mexico, which will help forest-dependent communities participate in natural resources decision-making.

Department of Commerce

Digital Divide Activities: At the December 9 Digital Divide Summit, Secretary Daley pledged to conduct a 12-city Digital Divide Tour, highlighting both underserved communities and ongoing initiatives aimed at closing the technology gap. DOC's National Telecommunications and Information Administration is preparing a memorandum setting forth guidelines for framing each event, a proposal for the "kickoff" event, and suggestions for future events.

Financial Assistance to Minority Serving Institutions: DOC is working to establish FY 2000 targets for grants and cooperative agreements to minority serving institutions. All DOC bureaus that administer financial assistance have submitted proposed targets for review and negotiation.

Department of Education

Court Upholds Punishment of IL Students: On January 11, a federal judge upheld the Decatur (IL) Public School Board's decision to expel six students for the balance of the 1999-2000 school year. The case, filed by the students, challenged their expulsions, which resulted from a fight at a high school football game in September. The court found that the school board did not act illegally or improperly or deny the students their constitutional rights. Each of the students is currently enrolled in an alternative education program and may be readmitted in June 2000. At a news conference following the decision, the Rev. Jesse Jackson, who has led protests in Decatur, announced that the decision would be appealed. He also stated that rallies would be held in Decatur, with the first on January 15. DOEd's Office for Civil Rights has not received any civil rights complaints in connection with the case.

On January 20, employees of DOEd will participate in small-group discussions about difference and differences as they affect well being at work. In 1999, the Department's employee newsletter featured a series of articles about race written by 13 employees. The employees who wrote the articles will participate in the small-group discussions.

Department of Energy

Society of Hispanic Professional Engineers' 22nd Annual National Technical & Career Conference: From January 26-29 in Washington, D.C., DOE will sponsor the Society of Hispanic Professional Engineers 22nd Annual Conference as part of the Department's Hispanic Outreach Initiative. This is the largest technical career conference in the nation that concentrates on engineering, mathematics and science for Hispanics, and the theme of this year's conference is "Capitalizing on Our Strengths in the 21st Century." Secretary Richardson will sign an MOU with the Latino Science and Engineering Consortium to commit to a mutual vision and a coordinated effort to enhance opportunities for Hispanic Americans in the fields of engineering, science, and mathematics.

Community Empowerment Board Contracting and Procurement Opportunity Fair: DOE will be participating in the White House fair, from February 8-9, to focus attention on providing access to DOE procurement opportunities for small and disadvantaged businesses that benefit Empowerment Zone, Enterprise Communities and Champion Communities as well as other under-served communities that fall within the umbrella of the Community Empowerment Agenda.

Minority Education Support Programs: DOE will begin a pilot program in nuclear engineering this month involving SCSU, an historically black university, and the University of Wisconsin. The pilot program is designed to match minority institutions with nuclear engineering degree-granting schools, so that minority students can achieve a degree both from their own institution and a school with a nuclear engineering program.

Department of Interior

DOI and NM to Discuss Land Exchanges: On January 13, DOI and the NM State Land Commissioner will announce the near completion of two large land exchanges. This date was selected to coincide with the meeting of the Western State Land Commissioners in Santa Fe. The event will offer the State Land Commissioners an opportunity to learn more about conducting successful land exchanges with the Department by talking with the federal and state officials who worked on the NM exchanges. In each of the NM exchanges, state trust lands in environmentally or culturally sensitive areas within the Petroglyph National Monument and the Chaco Cultural National Historic Park will be exchanged for BLM public lands more suitable for earning revenues to support the NM education system. These transactions will reduce duplicative efforts of NM and NPS to protect adjacent lands and provide the state with economic development opportunities elsewhere.

Interpretation of Civil War Sites: In response to a request from Congress in the FY 2000 Appropriations Act, NPS is preparing a report that assesses the status of educational information currently being conveyed at NPS Civil War sites. The report looks at how those sites describe the causes of the American Civil War, including the role that the institution of slavery played in causing the war. The final report will be available after February 29.

Department of Transportation

Earth Conservation Corps: On Tuesday, January 18, Secretary Slater will join Mrs. Ethel Kennedy and the Earth Conservation Corps (ECC) for a screening of their video at the DOT Headquarters Media Center. The 18-minute video promotes the work of the ECC in conjunction with Americorps to address the needs of disadvantaged youth while mitigating the destruction of saltwater marshes and other natural resources along the Anacostia River. The video includes a segment highlighting the Secretary's participation with ECC during Earth Day 1999.

Department of Treasury

BusinessLINC: On January 6, Treasury staff participated in the DC BusinessLINC coalition's formal kick-off event. The Greater Washington Board of Trade sponsored the event and included representatives from major DC businesses, local officials, and Community Empowerment Board officials. The DC coalition will focus on the development of new neighborhood businesses and new mentoring relationships in partnership with the Business Roundtable, the Department of Defense, and Howard University.

Department of Veterans Affairs

National Newspaper Publisher's Association (NNPA): On January 13, Secretary West will address the National Newspaper Publisher's Association (NNPA) Mid-Winter Convention in Palm Springs, CA. The Black Press of America reaches over 10 million African Americans each week and is recognized as the most creditable source of media for Black America.

On January 16, Secretary West will address the 26th Annual Martin Luther King Community Celebration hosted by the Human Relations Commission of the City of High Point in High Point, NC. Also, he will present a check for nearly half a million dollars to Care Services, Inc., a community based non-profit organization in High Point, NC, to create transitional housing for homeless veterans.

Office of Personnel Management

MSPB Report: On January 12, the Merit Systems Protection Board issued a report entitled "Restoring Merit to Federal Hiring: Why Two Special Hiring Programs Should Be Ended," critical of the Outstanding Scholar and Bilingual/Bicultural programs. OPM strongly disagrees with the recommendations of this report. A statement from Director Lachance, released on January 12 says in part: "These programs are important tools to help agencies recruit and achieve a diverse workforce...one that looks like America, one that acknowledges that everyone has something to contribute. And at the end of the day, highly qualified people get the jobs. They certainly do not undermine the merit system...a system that OPM has been given the responsibility to protect."

On January 17, Director Lachance will participate in a Catholic Charities/Foster Grandparents/Police Department Fair to recognize Martin Luther King Jr. Day in Cambridge, MA.

Small Business Administration

On January 17, Administrator Alvarez will attend the Martin Luther King, Jr. breakfast with Jesse Jackson in Chicago, IL. She will also travel to Des Moines, IA to address the Des Moines Youth/Educators Forum at Drake University. While in IA, she will also meet with African-American small business owners regarding SBA programs important to minority businesses and the importance of diversity.

New Markets: SBA is preparing for a February 8 meeting with our Hispanic, Women and African-American economic development and outreach partners. The all-day meeting is designed to enhance existing relationships and to highlight SBA programs and initiatives, which would benefit partnership members. SBA staff will demonstrate the Small Business Classroom, the Business Advisor, Women's Online Business Center, Pro-Net, U.S. Business Advisor and other programs. Partners will attend a briefing to be held at the OEOB. Participation from White House principals has been requested through Cabinet Affairs. The briefing will include a dialogue with the Administrator and the Deputy Administrator, as well as an update on SBA's progress in New Markets, Capital Access, Procurement, Outreach, and long-term goals.

Social Security Administration

SSA's San Francisco Region Announces American Indian/Alaska Native Advisory Council Chapter:

SSA's San Francisco Region has announced the formation of a chapter of the American Indian/Alaska Native Advisory Council. Its mission is to address issues that impact American Indians and Alaska Natives including service delivery to and employment opportunities for American Indians and Alaska Natives. The council will further serve as a channel of communication between the Social Security Administration and American Indian Tribes and Alaska Native organizations and individuals. The San Francisco Region is home to over 142 American Indian Tribes and bands. Linda S. McMahon, San Francisco Regional Commissioner, has officially recognized this council chapter as the regional advisory group on issues relating to the American Indians and Alaska Native community and employees.

SSA Participation in the National Association for the Advancement of Colored People's (NAACP) Federal Sector Task Force Summit II:

On January 15, Paul Barnes, SSA's Deputy Commissioner for Human Resources, will conduct a seminar on the status of African-American employees at SSA during the NAACP's Federal Sector Task Force Summit II. Mr. Barnes, a lifetime member of the NAACP, will highlight SSA's exemplary record with respect to African-Americans. African-Americans make up 27 percent of the SSA workforce compared to 11 percent of the Civilian Labor Force and 17 percent of all Federal employees. Additionally, the Senior Executive Service corps at SSA is composed of over 22 percent African-Americans compared to 6.1 percent in the Government as a whole.

00 JAN 14 PM 5:25

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

01-17-00

January 14, 2000

WEEKLY MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER LC

CC: MARIA ECHAVESTE

SUBJECT: INDIAN COUNTRY AND EAST ARKANSAS

INDIAN COUNTRY

Copied
Cutler
Podesta
(p.1)

Kennewick Man

- The Department of the Interior today announced that the human skeletal remains found in the Columbia River are to be considered Native American for the purposes of the Native American Graves Protection and Repatriation Act of 1990. The decision is based upon recent radiocarbon dating, analysis of a lithic point embedded in the left hip and other anthropological and sediment analysis. Interior also announced that the bones are of an ancient man who lived and died in the Pacific Northwest more than 9000 years ago.
- Interior is now in the midst of studies to address the issue of cultural affiliation or shared group identity between Kennewick Man and any present day tribes that have historically inhabited the area in the State of Washington around the confluence of the Columbia and the Snake Rivers. Interior has not yet determined whether DNA testing is possible given the low levels of collagen in the bones.
- It is not clear whether the scientists will continue to pursue their lawsuit

Pine Ridge

- President Salway and other Oglala Sioux tribal leaders visited Washington this week. I held a meeting here to report on our progress with the initiatives that you had announced during your visit to Pine Ridge. Representatives from Interior, the Small Business Administration, and Commerce also attended. President Salway gave us a "wish list" for an additional \$888,000 million for Pine Ridge. We explained to him that we are working very hard on the EZ and the Visitors Center.

WHS:GA

MEMORANDUM FOR THE PRESIDENT
PAGE TWO

- There was a meeting this week at Pine Ridge on the Youth and Wellness Center. The Departments of Agriculture and Housing and Urban Development are still working on making the Center a reality and there appears to be real progress on this. I will get you more information as soon as possible. We are working on it.
- In my last Memorandum to you, I reported that construction of the Visitor's and Cultural Center is expected in 2002. You questioned why construction could not occur sooner. There is planning money in the 2001 budget that they will need because of the environmental issues. The construction monies are budgeted for out years. In one sense, the 2002 construction date is beneficial to the tribe. A site has been chosen, but given the difficulties in getting the appropriate committees and the tribal council to finalize decisions, this is probably the best way. This 2002 construction date will give them ample time to make this decision.
- You had also asked me to make sure that the tribe received its CIRCLE funding. The Department of Justice is working with Interior on this issue. I will let you know as soon as a solution is found.
- The impeachment effort against President Salway is apparently still going strong.

Ute Tribe

- The Departments of Energy and Interior, the State of Utah, and the Ute Tribe have reached a historic agreement that allows for the largest return of public land to Native Americans in the continental United States in more than 100 years. In 1916, the federal government took 84,000 acres of land in Northern Utah from the Utes to secure the rights to oil shale reserves. The land transfer signals the end to this long-standing issue.

Hualapai Tribe

- In order to be responsive to your request regarding the Hualapai Tribe, I have notified the relevant agencies and asked them to report on the issues that the tribe detailed in their letter to you. I will draft a response as soon as I have all of the necessary information.