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001. letter	Ambassador Richard Celeste to POTUS (5 pages)	02/24/2000	P1/b(1)

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FOLDER TITLE:

Monday, February 28, 2000 [1]

2019-0990-S

rs3458

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Tab A - Entire Report: Baily/Podesta
pg. 5: Reed
Tab D - Reed/Liu/Podesta
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Tab M - Cutler/Echaveste/Podesta
Tab N - Moore/Burson /Podesta

OK
[Signature]

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

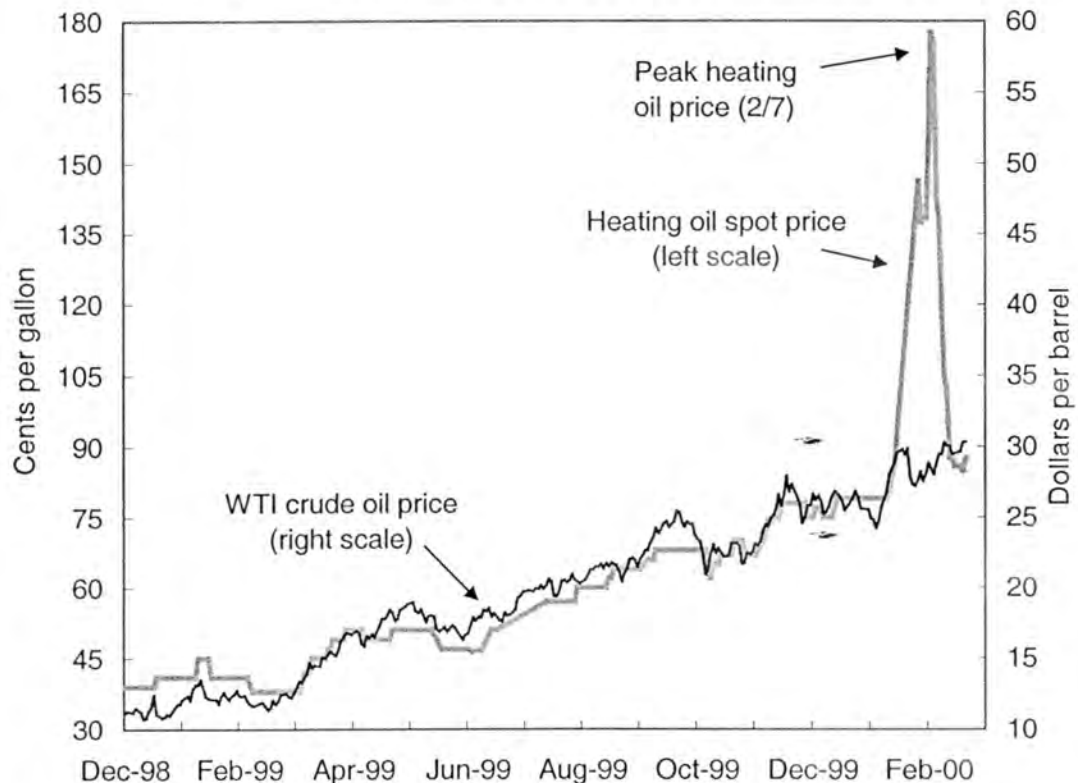
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

February 25, 2000

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entire report
Barly
Podesta
pg. 5
Reed

CHART OF THE WEEK

Heating Oil Prices Fall Back in Line with Oil Prices



The spot price for heating oil (and diesel fuel) skyrocketed in late January and early February, but has since dropped back to a level about 10 percent above that at the end of last year. Except for this short-lived spike, the prices of heating oil and diesel fuel have tended to follow closely the price of West Texas Intermediate crude oil, which has more than doubled during the past year.

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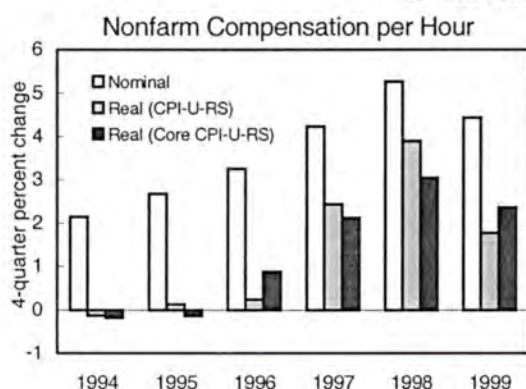


CURRENT DEVELOPMENT

What Is Really Happening to Wages?

An article in the *New York Times* this weekend noted that growth in real wages slowed markedly in 1999 and suggested that economists are floundering in their search for an explanation. Much of the mystery is removed, however, once changes in the inflation rate associated with volatility in energy prices are taken into account. Moreover, underlying trends in productivity and inflation augur well for continued solid growth in real wages.

Trends in real compensation. Following a period of acceleration between 1994 and 1998, nominal



compensation per hour in the nonfarm business sector slowed somewhat during 1999 (see chart). Because consumer price inflation declined rapidly between 1996 and 1998 and then rose in 1999, the rise and subsequent decline in growth in real hourly compensation (the gray bars in the chart) is more exaggerated than that of nominal compensation. (Growth in average hourly earnings, which exclude nonwage compensation like employer health insurance contributions, shows a similar pattern.)

Analysis. While the CPI is an appropriate deflator for assessing year-to-year changes in the purchasing power of wages, the volatility of energy prices may obscure longer-term trends in inflation, and hence in real wages. This appears to have been the case in 1997-99. When real hourly compensation is computed using the core CPI (which removes the volatile food and energy components), the faster growth in 1998 and abatement in 1999 is much less pronounced (as shown by the black bars in the chart). Over the longer term, real wages tend to track productivity, which has been growing very strongly recently. The Administration forecast foresees continued strong productivity growth, with real hourly compensation increasing about 1.5 percent per year for the next several years.

CURRENT DEVELOPMENT

Margin Debt

Margin debt at New York Stock Exchange (NYSE) member firms increased sharply in the last 4 months. Stock speculation has been suggested as a possible explanation for this rise in margin debt, but as yet we lack clear evidence to support this contention.

What is margin debt? Margin debt is money that investors borrow using financial investments for collateral, allowing them to leverage their investments. The Federal Reserve Board sets the maximum portion of the value of investments that investors can borrow, called the margin requirement (currently 50 percent). The industry then sets an additional requirement: if the ratio of the value of the debt to the value of the collateral rises above a specified value, the investor faces a margin call. She must then put up more money or sell her collateral investments to bring down the margin debt so that the ratio of debt to collateral is again below the specified level.



Margin mania. During most of the 1980s and 1990s, the total margin debt of NYSE member firms has been a tiny fraction of the total value of NYSE stocks, ranging from about 0.9 to 1.7 percent (see chart). Starting in November 1999, however, investors began borrowing more heavily against their equity holdings, pushing the ratio up to 2.1 percent in January of 2000.

The risks of leveraged stock buying. Some have suggested that the recent spike in margin debt demonstrates the willingness of some investors to use margin debt to purchase stocks that they otherwise could not afford. By leveraging the initial investment, this strategy holds the potential for big gains, but it also entails more risk than the outright purchase of stocks, especially because a margin call could necessitate selling when the market is down. Small investors who are heavily leveraged using margin debt and who lack other lines of credit may suffer significant losses and even have their holdings entirely wiped out. Moreover, if investors start a sell-off in response to margin calls, this could conceivably exacerbate a market downturn.

We just don't know. Stock market speculation is just one possible reason for rising margin debt. Other factors such as relatively low margin interest rates or increased convenience of margin borrowing could be at work. Because of the complexity and potential importance of these issues, the SEC has declared its intention to study and report on the matter.

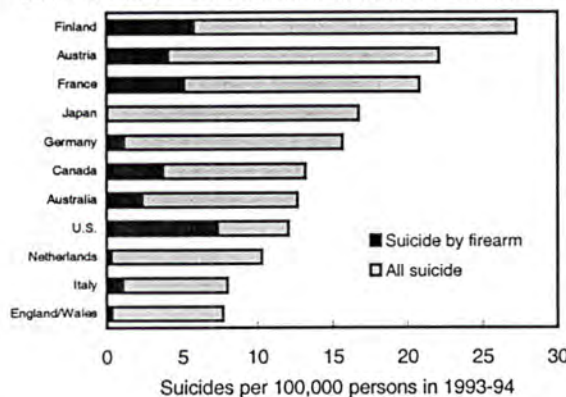
ARTICLE

Guns and Suicide

Although it is well known that the United States has high levels of gun violence and gun homicide, less publicized is the role of guns in suicide. In fact, far more Americans died from gun suicide in 1997 (17,566) than from gun homicide (13,252).

Suicide in the United States and abroad. Suicide is the eighth leading cause of death for all Americans and the third leading cause among young people aged 15 to 24. And while women are twice as likely to report a history of attempted suicide, men composed 80 percent of suicides in 1997. Although the U.S. suicide rate overall is not especially high relative to other industrialized countries, the rate of suicide by firearm is 5 times higher in the United States (see upper chart). Guns were used in 58 percent of U.S. suicides in 1997. Suicide is a growing problem among the young in America: from 1952 to 1995, the incidence of suicide among adolescents and young adults nearly tripled. The suicide rate for children in the United States is twice that of the average in other industrialized countries.

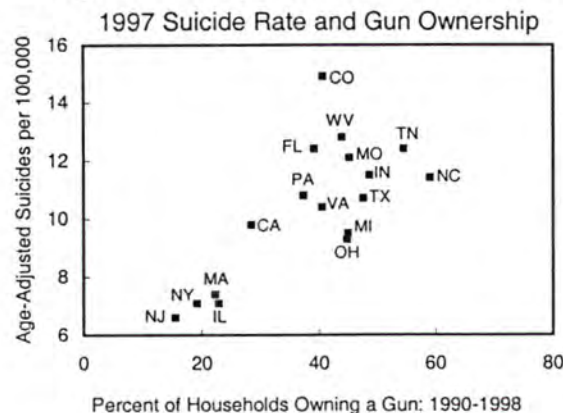
Suicide Rate: Selected Industrialized Countries



Although the U.S. suicide rate overall is not especially high relative to other industrialized countries, the rate of suicide by firearm is 5 times higher in the United States (see upper chart). Guns were used in 58 percent of U.S. suicides in 1997. Suicide is a growing problem among the young in America: from 1952 to 1995, the incidence of suicide among adolescents and young adults nearly

tripled. The suicide rate for children in the United States is twice that of the average in other industrialized countries.

More guns, more suicides. The cross-country comparison does not show a strong relationship between the suicide rate and guns, but other evidence supports the conclusion that in the United States suicide is more likely to occur when guns are present, especially among youth. For example, comparisons of suicide attempts with suicide deaths demonstrate that having a gun in the home increases the likelihood of suicide death among adolescents. Similarly, state gun ownership rates in the 1990s are strongly correlated with state suicide rates in 1997 (see lower chart). The



fact that overall suicide rates, and not just the incidence of gun suicides, is correlated with gun ownership suggests that guns are not merely another means of committing suicide, but instead contribute to the total incidence of suicides.

Guns are different. A gun is an especially lethal means of suicide. One Canadian study found that 92 percent of suicide attempts using guns resulted in death compared with 78 percent for carbon monoxide and 23 percent for drug overdoses. Considering that an estimated 8 to 25 attempts are made for each suicide, the lethality of gun suicide suggests that the prevalence of guns may increase the rate of suicide death. Furthermore, evidence that suicide attempts are often impulsive, especially for youth, implies that guns may increase the overall suicide rate.

Conclusion. Research indicates that the prevalence of guns may lead to more deaths by suicide than would otherwise be the case. Moreover, with approximately one-third of handguns stored loaded and unlocked, guns present a risk not just to the owner, but to family and friends as well. Not surprisingly, one study finds that the majority of young people attempting suicide with a firearm used a parent's gun. One potential means of reducing such tragedies is to restrict access to firearms through secure storage and "smart gun" technologies.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Long Work Hours Have Small Effect on Divorce. Many believe that long work hours are a major contributing factor to divorce; however, a study concludes that while long hours do have some effect on the divorce rate, their importance may not be as large as commonly thought. Adding 10 hours to a married man's work week raises the probability of divorce within 2 years by between one-tenth and one-half of 1 percentage point while increasing a wife's hours by the same amount leads to an increase of two-tenths of 1 percentage point, according to a recent study. Income is also a determinant of divorce; an increase in the husband's income decreases the probability of divorce whereas an increase in the wife's income raises the probability of divorce. The author notes, however, that it is often difficult to establish whether long hours are the cause or the effect of a divorce. People who are getting divorced may work long hours for financial reasons, or to avoid their spouse.

States Offer Housing Subsidies in Welfare to Work Programs. In the last 2 years, several states and two counties in California have used Federal TANF or state Maintenance of Effort funds to establish programs providing housing assistance to families attempting to make the transition from welfare to work. Research suggests that affordable housing can be an important component of economic self-sufficiency. Recent studies have shown that families who receive housing subsidies work more hours and have greater earnings than families without such assistance. One possible explanation is that housing subsidies help stabilize the lives of low-income families by preventing repeated moves, thereby improving their ability to secure and retain jobs. Also, housing subsidies allow families to move to areas with greater job opportunities and free up funds for work-related expenses such as child-care, work clothes, and transportation.

Are Oil Shocks Inflationary? A recent study suggests that although changes in oil prices affected overall inflation, they had little effect on core CPI (CPI excluding food and energy) inflation during the 1980s and 1990s. In contrast, oil price changes were found to contribute substantially to core inflation in the 1960s and 1970s. An oil price hike can, in principal, initiate a wage-price spiral as the increase in energy costs causes workers to demand higher wages to protect their standards of living; businesses, facing higher energy and wage costs, are then under pressure to raise prices to preserve profit margins. In the 1970s and early 1980s, the greater prevalence of automatic cost-of-living adjustments (COLAs) indexed to the rate of inflation may have facilitated this process of escalating wage and price increases. In addition, energy used to make up a much larger share of consumer spending then it does today. Another possible explanation for the change in behavior of core inflation is that monetary policy became much less accommodative of oil price shocks during the last two decades. In this view, the Fed reacted quickly to snuff out incipient inflationary pressures resulting from oil price changes. If this pattern continues, this research suggests that the recent rise in oil prices should have little effect on core inflation, even as overall inflation rises for a time.

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INTERNATIONAL ROUNDUP

Participatory Democracy Brings High-Quality Growth. To receive the full benefits of a market economy, countries need a supportive institutional framework—one that, among other things, protects property rights, curbs corruption and anti-competitive behavior, and mitigates risks and social conflicts. A recent study examines how developing countries may acquire the appropriate institutions to facilitate market-based development and argues that it is important to recognize the importance of “local knowledge.” It argues that strategies for institution-building must not over-emphasize an inflexible best-practice “blueprint” at the expense of experimentation at the local level. Furthermore, the study presents evidence that, compared with other political regimes, participatory democracies are associated with more predictable and stable growth, greater resilience to shocks, and a better income distribution. It concludes that participatory political systems are more effective at incorporating local knowledge, and recommends democracy as a general strategy for building good institutions to support economic development.

UNDP on China’s Human Development. The latest China’s Human Development Report released by the United Nations Development Program examines how the movement toward a market-based economy and the relaxation of state controls have affected people’s livelihoods in China. Since reforms began in 1978, individuals have gained increased freedom in their daily lives as well as greater access to goods, services, and information; indicators of life expectancy, health, and literacy have also continued to improve. However, the report notes that despite rapid growth and substantial efforts in rural poverty alleviation, major challenges remain. Urban unemployment and poverty have surged. This development is in part attributable to increasing migration from rural to urban areas and to the reform of state-owned enterprises, which has led to layoffs of millions of state employees. Moreover, the disintegration of the social safety net is a growing cause of concern for the more socially vulnerable groups, including the aged, the ill, and the unemployed.

Agricultural Performance Weak in Africa. Africa was the only region in the developing world where per capita food production declined between 1961 and 1997, putting the food security of a large segment of the population in a precarious position. Growth rates in crop yields over that period lagged behind those of other developing regions, and Africa’s market share for traditional export crops fell significantly. A new report by the UN Food and Agriculture Organization (FAO) attributes the declining performance of agriculture in Africa to price distortions, overvalued currencies, and abnormally low investment in infrastructure and institutional development. Agriculture in sub-Saharan Africa accounts for 70 percent of total employment, 40 percent of merchandise exports, and 34 percent of GDP, yet it received less than 10 percent of public expenditures over 1961-97. To increase productivity, the FAO proposes that African governments focus investment on infrastructure such as irrigation, dams, and transportation as well as providing better market information.

RELEASES THIS WEEK

Gross Domestic Product

****Embargoed until 8:30 a.m., Friday, February 25, 2000****

According to revised estimates, real gross domestic product grew at an annual rate of 6.9 percent in the fourth quarter of 1999.

Advance Durable Orders

Advance estimates show that new orders for durable goods decreased 1.3 percent in January, following an increase of 6.3 percent in December.

MAJOR RELEASES NEXT WEEK

Consumer Confidence—Conference Board (Tuesday)
NAPM Report on Business (Wednesday)
Leading Indicators (Thursday)
Employment (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1999	1999:2	1999:3	1999:4
Percent growth (annual rate)					
Real GDP (chain-type)	3.0	4.5	1.9	5.7	6.9
GDP chain-type price index	5.2	1.6	1.3	1.1	2.0
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.7	3.3	0.6	5.0	5.0
Real compensation per hour:					
Using CPI	1.0	1.8	1.2	2.0	1.1
Using NFB deflator	1.5	2.9	2.9	4.0	1.8
Shares of Nominal GDP (percent)					
Business fixed investment	11.4	12.6	12.6	12.7	12.5
Residential investment	4.5	4.4	4.5	4.4	4.4
Exports	8.2	10.8	10.7	10.8	10.9
Imports	9.2	13.5	13.4	13.8	14.0
Personal saving	6.6	1.7	1.8	1.5	1.3
Federal surplus	-2.8	N.A.	1.3	1.4	N.A.

	1970- 1993	1999	November 1999	December 1999	January 2000
Unemployment Rate (percent)					
	6.7**	4.2**	4.1	4.1	4.0
Payroll employment (thousands)					
increase per month			257	316	387
increase since Jan. 1993					20790
Inflation (percent per period)					
CPI	5.8	2.7	0.2	0.2	0.2
PPI-Finished goods	5.0	3.0	0.2	0.1	0.0

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

New or revised data in **boldface**.

GDP data **embargoed until 8:30 a.m., Friday, February 25, 2000.**

FINANCIAL STATISTICS

	1998	1999	December 1999	January 2000	Feb. 24, 2000
Dow-Jones Industrial Average	8626	10465	11246	11281	10093
Interest Rates (percent per annum)					
3-month T-bill	4.78	4.64	5.20	5.32	5.63
10-year T-bond	5.26	5.65	6.28	6.66	6.36
Mortgage rate, 30-year fixed	6.94	7.43	7.91	8.21	8.31
Prime rate	8.35	8.00	8.50	8.50	8.75

INTERNATIONAL STATISTICS

Exchange Rates	Current level February 24, 2000	Percent Change from Week ago	Year ago
Euro (in U.S. dollars)	0.993	0.7	-9.5
Yen (per U.S. dollar)	111.0	0.6	-9.0
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	95.52	0.1	0.5

International Comparisons "	Real GDP growth (percent change last 4 quarters)	Unemployment rate (percent)	CPI inflation (percent change in index last 12 months)
United States	4.5 (Q4)	4.0 (Jan)	2.7 (Jan)
Canada	4.2 (Q3)	6.9 (Dec)	2.6 (Dec)
Japan	1.0 (Q3)	4.6 (Nov)	-1.1 (Dec)
France	2.9 (Q3)	10.4 (Dec)	1.3 (Dec)
Germany	2.3 (Q4)	8.8 (Dec) ^{2/}	1.2 (Dec)
Italy	1.2 (Q3)	12.1 (Apr)	2.1 (Dec)
United Kingdom	1.8 (Q3)	5.9 (Oct)	1.8 (Dec)

U.S. GDP data **embargoed until 8:30 a.m., Friday, February 25, 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

February 25, 2000

THE PRESIDENT HAS SEEN
2-28-00

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

'00 FEB 25 PM 9:28

SUBJECT: DPC Weekly Report

1. Crime – Diallo Case. As you know, a state jury in Albany today acquitted all four police officers involved in the shooting death of Amadou Diallo. Mary Jo White, the U.S. Attorney for the Southern District of New York, has announced that her office, in conjunction with the Civil Rights Division, will review all available evidence to determine whether there were any violations of federal criminal civil rights laws. For a number of reasons, it would be improper for the White House to offer an opinion on the verdict, and we have referred all inquiries to the Justice Department. You should also know that after the Abner Louima incident in 1997, the Civil Rights Division and the U.S. Attorneys in Manhattan and Brooklyn began a joint investigation of the NYPD to determine whether incidents of excessive force were the product of systemic problems. In the aftermath of the Diallo shooting, Justice expanded the investigation to include the NYPD Street Crimes Unit. The investigation is continuing.

2. Guns – Canada Exports. We wanted to clarify today's New York Times report that firearms exports to Canada have been suspended. In fact, the State Department has not suspended the processing of all export licenses requested by Canada, but has deferred certain cases for further review. As part of its regular monitoring of export license applications, State noticed Canadian requests for very large numbers of firearms and ammunition rounds. Although most were purportedly for government and law enforcement use, this surge of large export requests raised concerns, particularly in light of Canada's strict gun control laws. State brought the issue to the attention of Canadian officials, and the Canadians then put on hold, pending an audit, the issuance of orders for large amounts of guns and ammunition for non-governmental license applicants. The audit may take a few weeks to complete; in the meantime, governmental export licenses continue to be processed. This issue is mainly in State's export control bailiwick, but we are watching it because of its potential collateral impact on our interactions with the gun industry.

3. Youth Violence – White House Council. As you may remember, in October 1999 you established the White House Council on Youth Violence to ensure more effective policy and programmatic coordination across federal agencies. On Thursday, the Council held its first meeting, which included Secretary Summers, Attorney General Reno, Secretary Shalala, Secretary Herman and Deputy Education Secretary Holleman. The Council will coordinate cross-agency efforts like Safe Schools/Healthy Students, develop a citizen's information hub and produce reports for parents and others. We have also asked the Council to pursue your suggestion of developing a school resource guide on counseling and support systems for students.

4. **Health Care – Update on Patients’ Bill of Rights.** Next Thursday, House and Senate conferees are scheduled to meet, and all reports indicate that very little progress has been made at the staff level. To keep the pressure on the conferees, you are scheduled to hold an event next week with doctors, nurses and patients to highlight the need for a strong piece of legislation.

5. **Health Care – Release of State-by-State Report on Medicare.** Next Tuesday, prior to your trip to Florida, we are planning to release a state-by-state report summarizing demographic and prescription drug trends in each of the 50 states. We are coordinating this release with congressional Democrats and are hoping to refocus public attention on the challenges the Medicare program faces. The release of this report will come on the heels of this week’s Senate Finance Committee hearing on Medicare reform, where Bob Reischauer and Dave Walker both testified that your Medicare proposal represents true structural reform.

6. **Health Care – Update on Medical Errors.** Your medical errors initiative received strong support from the editorial boards of the New York Times and Washington Post, and there is a great deal of interest in Congress on the issue. We are now reaching out to AMA and AHA to search for some common ground. It is worth noting that both AMA and AHA support virtually every part of your initiative except for the mandatory reporting provisions. We hope that further meetings will lay the foundation for a reporting proposal we can all agree on.

7. **Native Americans – Hearing on Budget Initiative.** On February 23, the Senate Indian Affairs Committee, chaired by Senator Campbell, held a hearing on your FY2001 Native American budget initiative. The Departments of Commerce, Education, Health and Human Services, Housing and Urban Development, the Interior, and Justice testified. The Committee response was very positive, with Chairman Domenici in particular expressing support.

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THE PRESIDENT HAS SEEN
2-28-00

THE WHITE HOUSE
WASHINGTON

February 25, 2000

Copied
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MEMORANDUM FOR THE PRESIDENT

FROM: ROGER BALLENTINE 
RE: OFFICE OF ENVIRONMENTAL INITIATIVES WEEKLY

Climate Change

Press, Science and Industry

The current issue of *US News and World Report* features a cover story about how increased temperatures on the Antarctic Peninsula are a harbinger of the adverse impacts of global climate change. Melting ice sheets and receding glaciers reflect an average year round temperature on the peninsula that has gone up 3 to 4 degrees Fahrenheit since the mid-1940s, a rate of warming 10 times the global average. Researchers studying penguins, seals, and other Antarctic species believe that temperature changes have caused significant migration and population fluctuations.

The debate over differences between surface temperature measurements and satellite atmospheric measurements continued, with two articles in last week's *Science*. Climate skeptics have used these differences to cast doubt on the surface temperature measurements and the veracity of computer models that are used to predict climate change. One study showed that state-of-the-art models come close to reproducing the difference in trends, supporting and extending the recent conclusion of the National Research Council (NRC) that the differences in no way invalidate the reality of warming on the Earth's surface. The other study performed additional analyses on temperatures from weather balloons to bolster the NRC's conclusion that the two temperature trends are not incompatible.

The *Washington Post* and the *LA Times* reported on a study to be published March 1 in *Geophysical Research Letters* by Thomas Karl and his colleagues at NOAA's National Climatic Data Center, stating that the record-breaking 16-month warm period of 1997 and 1998 may reflect a "change point" at which the surface of the planet began to heat up at a faster rate. They believe that the resulting rate could mean a warming of 5.4 to 6.3 degrees Fahrenheit per century, compared to the twentieth century warming rate of 1.1 degrees. Statistical tests in this study show that there is only a 5% chance that this hot snap occurred as a result of natural variability.

DaimlerChrysler unveiled its PNGV high-mileage prototype, the ESX3, a five seat, diesel-electric hybrid that gets 72 miles per gallon. Some environmentalists are critical of such vehicles because of their toxic diesel fuel emissions, while automakers see diesel as a necessary compromise to achieve fuel-efficiency goals and comply with federal clean air laws.

The *New York Times*, *Philadelphia Enquirer*, and the *Associated Press* reported on efforts by researchers at the University of California Berkeley and the Oak Ridge National Laboratory to use "pond scum" to produce cheap, pollution-free hydrogen fuel. The process, which uses renewable inputs and generates only water as a waste product, may greatly reduce the cost of hydrogen production. Current experiments yield a tenth of an ounce of hydrogen per liter of algae culture, but researchers think this rate could be increased 100 fold. This research was funded by DOE with CCTI money, and the ongoing research will be eligible for funds from your bioenergy initiative.

Legislative

Congressman Jay Inslee (D-WA) has formed a bipartisan Climate Change Caucus. Inslee and Wayne Gilchrest (R-MD) will co-chair the soon-to-be announced caucus, the founding Members of which are Sherwood Boehlert (R-NY), Chris Shays (R-CT), Jim Greenwood (R-PA), Jim Saxton (R-NJ), Alcee Hastings (D-FL), Lloyd Doggett (D-TX), Karen McCarthy (D-MO), Henry Waxman (D-CA), Jim McDermott (D-WA), and George Miller (D-CA). They plan a Caucus kick-off event in March with business leaders, environmentalists, and the Administration. Congressman Gilchrest is a recent "climate convert," subsequent to a visit this year to Antarctica.

Congressman Joe Knollenberg (R-MI) has reportedly contacted the Inspector Generals of DOE, EPA and State, to request investigations of agency participation in climate change activities related to the negotiation of the Kyoto Protocol. He is also investigating USAID. Knollenberg believes that any such actions are in violation of the appropriations rider he authored meant to prevent "backdoor" implementation of the Protocol. According to staff, Congressman Dingell (D-MI) is supportive of Knollenberg on the issue.

Senators Jeffords (R-VT) and Lieberman (D-CT) held a press conference today on oil prices. Following (and acknowledging) your lead, they focused on the "big picture" of diversifying our energy sources and becoming more efficient energy users. They applauded your bioenergy initiative, and also vowed to support budget requests for increased funding for solar, wind, fuel cells and natural gas technologies. They also condemned the CAFÉ rider and the current trend toward a less efficient automotive fleet.

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

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THE PRESIDENT HAS SEEN
2-28-00

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

February 25, 2000

'00 FEB 25 PM 6:37

MEMORANDUM FOR THE PRESIDENT

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

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Lane
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DNA Analyses to be conducted on Kennewick Man

The Department of the Interior announced last Friday that DNA analyses would be conducted on the 9,000-year-old human remains known as Kennewick Man. An aim of the analyses is to determine whether the remains are culturally affiliated to any existing tribes, in which case the remains would have to be returned to their modern lineal descendants. Unfortunately, many DNA experts believe that the chances of obtaining conclusive DNA evidence from the ancient bones are slim at best.

DaimlerChrysler High-mileage Hybrid Vehicle Announced

pro On Tuesday (2/22), I attended DaimlerChrysler's unveiling of a 72-mpg diesel-electric hybrid, the ESX3, at the National Building Museum in Washington. The ESX3 has crossed a critical threshold showing that the ambitious vision of your PNGV program could be achieved. The cars that have been produced this year provides solid evidence that we can continue to enjoy the pleasures and the conveniences of affordable personal transportation while husbanding natural resources and protecting the environment. Chrysler predicts the ESX3, if on sale today, would be priced \$7,500 more than a conventional sedan. That's half the \$15,000 premium the 1998 version would have required and well down from the \$60,000 price penalty of the first attempt in 1996. Ford and General Motors showed PNGV models at last month's Detroit auto show. Ford's Prodigy is a diesel-electric model about the size of the Ford Taurus that would get 70 mpg. GM's Precept is a fuel-cell vehicle that uses hydrogen to generate electricity to power the vehicle.



Patent on HIV Receptor Gene

On February 17, Rockville-based Human Genome Sciences was awarded a patent on a gene that controls production of one of the key proteins used by HIV to infect cells. A company spokesman said that any academic institution, drug company, or biotechnology firm that develops a product to prevent HIV infection by blocking this receptor would probably have to negotiate a royalty agreement with HGS before marketing the drug to avoid a patent fight. HIV researcher Robert Gallo called into question the validity of some of the patent claims, noting that

*is this
good or bad
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relevant discoveries pre-date the HGS patent application. This patent is one of the first to be publicized since the Patent and Trademark Office issued new draft guidelines covering gene patents late last year. Gene researchers and patent attorneys are examining it closely to try to ascertain PTO's interpretation of the new guidelines.

Council on Food Safety Planning Update

The Council of Food Safety's Strategic Planning Task Force is currently reviewing existing food safety laws; assessing organizational options; and developing a set of goals, objectives and action items. They have conducted considerable stakeholder outreach (public meetings, focused consultations, etc.). At the last Council meeting (Nov. 10th), Secretaries Shalala and Glickman advised the Task Force not to focus on major issues of reorganization, but rather on more marginal improvements similar to the approach that was taken to develop the Egg Safety Action Plan that you released in December. As it currently stands, the planning process is scheduled to conclude in July 2000. We believe this plan will identify incremental improvements over the current system, but will fall far short of recommending a comprehensive fix to what many believe is a poorly coordinated patchwork of regulations and agencies.

Space Shuttle Mapping Mission Ends

Endeavour ended its Earth-surveying mission with data that promises to yield the best maps ever of the world's peaks and valleys. During their 11-day flight, the astronauts worked in round-the-clock shifts to keep two large radar antennas running – one in the shuttle cargo bay and one on the end of a 197-foot mast, the longest rigid structure ever deployed in space. This method will. Endeavour mapped 47.6 million square miles of Earth's terrain at least twice, producing precise 3-D maps of Earth's topography. The surveyed land stretched as far north as British Columbia and as far south as Cape Horn – representing three-quarters of the world's terrain. However, a faulty thruster on the end of the radar mast forced the crew to use extra shuttle fuel to steady the mast. Within three hours of touchdown, technicians had unloaded the 326 digital tapes containing the radar data. NASA and its partner, the National Imagery and Mapping Agency, expect it will take one to two years to analyze all of the tapes. The astronauts collected nearly 12 terabytes of data, enough to fill 20,600 compact discs.

NASA Spinoff Results in State-of-the-art Fetal Monitor

A NASA technology originally used to measure airflow over airplane wings has been successfully incorporated into a clinically proven, portable, non-invasive fetal heart monitor. Because the material used by NASA for wing surface measurements is flexible, it is ideally suited to fit over the curved surface of a maternal abdomen for fetal testing, and is easy to use. Whereas current fetal heart-monitoring devices are expensive and can only be operated in a clinic or doctor's office, this new technology can be used by expectant mothers in their own homes to listen, document and store the fetal heart-rate data without injecting energy into the womb, making it completely non-invasive. NASA has granted a license to market the technology to a company that helped to develop the application.

THE WHITE HOUSE
WASHINGTON

February 25, 2000

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MEMORANDUM FOR THE PRESIDENT

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

THE PRESIDENT HAS SEEN
2-28-00

SUBJECT: Summary of Cabinet Weekly Reports
February 19 - 25, 2000

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

- **Census 2000:** Through March 17, the Census Bureau is heading up the "Census in the Schools" effort that several Cabinet Members are taking part in, along with Members of Congress. In addition to those Cabinet Members who traveled to "Census in the Schools" events this week as noted on the attached map, Secretaries Glickman, Shalala, and Slater, Administrator Browner, and Deputies Thurm (HHS) and Sepulveda (OPM) are planning events within the next few weeks. Deputy Administrator Sepulveda, for example will visit a predominantly Hispanic area in either CA or WA State and Deputy Secretary Thurm will visit a head start center in the Kansas City Area on March 10. Under Secretary of Defense de Leon and Assistant Secretary of Defense Maldon will also participate in the Census effort, with Assistant Secretary Maldon to visit a predominantly African-American school within the DC area. Also, under the leadership of Assistant Secretary for Indian Affairs Gover, DOI is doing extensive outreach to the Native American Community. In terms of Census message amplification, all Cabinet Secretaries, in particular Secretary Cuomo and Administrator Alvarez, have mentioned the importance of the Census message in their speeches throughout their travels.

DEPARTMENT OF TREASURY

H-1B Visas: In response to legislation increasing the number of available H-1B visas, which permit U.S. companies to hire highly skilled foreign workers for three years, Treasury and CEA have proposed to substantially increase the H-1B visa fee. Employers are seeking an increase in the number of visas issued, arguing that there is a shortage of American workers in particular high-tech occupations. Labor unions oppose any increase, arguing that there are enough American workers to fill these positions and that

employers use H-1B visas to hire less expensive foreign workers. By proposing an increase in the visa fee, Treasury and CEA hope to both promote economic efficiency and offer a possible compromise.

- **Corporate Tax Shelters:** On February 28, Secretary Summers will speak at the Federal Bar Association's Annual Tax Law Conference and will announce three corporate tax regulations, which will serve to curb the growing level of abusive tax avoidance behavior through the use of corporate tax shelters. Specifically, the regulations require businesses to disclose transactions with certain characteristics, such as whether the transaction includes tax-exempt parties or whether the transaction is entered into under conditions of confidentiality, in order to assist Treasury and the IRS in the early identification of corporate tax shelters. 
- **Identify Theft:** On March 15-16, following up on your Financial Privacy and Consumer Protection Initiative, Treasury will host the National Summit on Identify Theft. The Summit will focus on the prevention and remediation of the effects of identity theft. It will be the first national level conference of law enforcement, victims, industry and non-profits interested in this issue and will be the first step towards building a public-private partnership to combat identity theft. Secretary Summers will deliver opening remarks at the Summit.
- **Oil:** In preparation for your February 28 meeting with governors on diesel and home heating oil prices, Treasury's Office of Economic Policy, along with the National Economic Council, is analyzing developments in oil markets and proposed responses to the high prices. The governors are expected to ask you what steps you are taking to resolve the heating oil problem and to ensure that such problems do not arise again in the future.
- **Vaccines:** On February 22 and 25, in order to engender support for your Millennium Vaccines Initiative, Secretary Summers and NEC Director Sperling met with representatives of major pharmaceutical companies and foundations to discuss the delivery and development of vaccines. On February 14 and 22, Acting Assistant Secretary for Tax Policy Talisman participated in meetings with tax representatives of the pharmaceutical industry to discuss issues relating to the proposed vaccine tax credit, which would provide a tax credit for sales of vaccines for malaria, tuberculosis, HIV/AIDs, and any infectious disease causing over one million deaths annually worldwide.

DEPARTMENT OF JUSTICE

✓ **Pardon Bill:** On February 24, the Senate Judiciary Committee is scheduled to mark up the Pardon Attorney Reform and Integrity Act. This legislation would require the Attorney General to prepare for the President a written report setting forth the views of victims, law enforcement and court officials on executive clemency petitions. It would also require victim notification at various stages in the clemency process. WH Legislative Affairs has sent a letter to Judiciary Chairman Hatch and Ranking Minority Member Leahy expressing the view that the legislation as written is unconstitutional. WH Legislative Affairs will develop regulations on victim notification in order to obviate the need for this legislation.

• **HMO Case:** On February 23, the Supreme Court heard arguments in a case presenting the question whether, an enrollee in an HMO offered through an employee welfare benefit plan, states a claim of breach of fiduciary duty under the Employee Retirement Income Security Act of 1974, by alleging that the HMO has established an incentive arrangement under which a bonus is paid to physicians who (1) provide medical care in a manner that minimizes diagnostic tests and referrals to non-HMO facilities and non-HMO physicians. The Solicitor General argued as *amicus* is the case allegations fail to allege conduct the ERISA fiduciary as opposed to conduct by providers of medical care.

✓ **Bombing Conviction:** On February 8, a defendant in the District of NV who pleaded guilty to the attempted murder of an ATF employee, mailing injurious articles, and using a destructive device, was sentenced to life imprisonment. On March 22, 1999, the defendant mailed two parcels from Morgan City, LA. One of the parcels was addressed to the White House and contained a bomb. On April 1, 1999, the bomb detonated in the rear compartment of a postal service tractor-trailer rig in Washington, DC. The second parcel, also containing a bomb, was addressed to a San Antonio, TX, minister. This parcel detonated at the Dallas bulk mail center. On March 28, 1999, the defendant called the Southern Nevada Mental Health Institute to report that he had sent bombs to the President of the United States and to a Texas evangelist. The Las Vegas Metropolitan Police and USSS located the defendant, who admitted mailing both bombs, and added that he had attempted to mail a bomb to the Las Vegas ATF. That bomb was later recovered undetonated at the Las Vegas Greyhound Terminal.

✓ **Rwanda's Criminal Justice System:** From January 10-21, Terrorism and Violent Crime Section Attorney Pierre R. St. Hilaire led a delegation of DOJ and USAID officials to assess Rwanda's criminal justice system. The assessment focused chiefly on problems associated with the prosecution of 2,300 "category one" genocide defendants, who include the leaders of the genocide and those who committed particularly heinous acts or sexual torture. At the end of the assessment, the team submitted a list of proposed recommendations to the Rwandan government.

DEPARTMENT OF INTERIOR

- **Northern Mariana Islands Residents Poised to Sue U.S.:** Two TX-based law firms have signified interest in assisting the residents in Tanapag, a northern coastal village in Saipan, in connection with a planned class action against DOD for widespread PCB contamination. Aside from seeking compensation for the lives of the people and their properties affected by the toxic waste, the CNMI government may even recover the money it will spend on medical evaluations. Health and environmental problems in Tanapag began when an unknown quantity of ceramic capacitors containing PCB oil was shipped to Saipan in 1960s by DOD. The electrical capacitors subsequently spread throughout the community as barricades, boundary markers, road blocks for driveways, windbreaks for barbecue sites and headstones.
- **Water Allocations in CA's Central Valley:** BOR recently announced its initial Water Year 2000 allocation for the Central Valley Project noting that 70 percent of its contractors will receive 100 percent allocation. The CVP delivers approximately 5.1 million acre-feet of water. Urban and agricultural users north of the Delta can expect to receive 100 percent of their contract amounts in both dry and average year forecasts. Forecasts for south-of-the Delta is 75 percent for urban contracts and 50 percent for agricultural contractors under both dry and average year forecasts. BOR has initiated specific actions in cooperation with state and federal agencies to improve south of the Delta allocations.
- **Census 2000 Outreach to American Indians and Alaska Natives:** All BIA Regional Directors and Education Line Officers will participate in the Census in Schools Week activities planned by BIA-run schools across Indian Country. This undertaking will create awareness and motivation among students to carry the census message home and get their parents to fill out and return census forms. It is extremely important for BIA to help in reservation areas where the undercount by BIA in the 1990 Census was a staggering 12.2 percent.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Farms:** There were more farms in the U.S. in 1999 than in 1998, due to the 15,690 new farms in the smallest sales class, an increase that off-set reductions in farm numbers in all larger categories of farmers. Meanwhile, the average farm size fell by three acres to 432 acres, as the total area of farms decreased. Leading in the area declines from 1998 were farms in TX, which were off 1 million acres; farms in CA, 700,000 acres smaller than in 1998, and farms in AZ and NM, which were both off 600,000 acres from 1998.

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- **China WTO:** On March 1, Secretary Glickman will testify before the Senate Agriculture, Nutrition, and Forestry Committee on the agriculture provisions of the U.S.-China trade agreement, focusing on the components of the agreement, and the potential impact it might have on U.S. agriculture. On March 7, he will testify before a Senate Finance Committee on international trade matters.
- **Commodity Markets:** Wheat cash prices averaged higher for the week, but futures dropped on news of improved moisture in the Southern Plains and sluggish exports. Corn prices were almost unchanged as better conditions for planting in the Midwest were balanced by the effects of USDA's February 11 forecast of lower ending stocks. Strong export indications helped boost soybean prices. Rice cash prices were unchanged, but futures have been pressured by falling world prices. Cotton prices moved slightly higher in lackluster trade. Declining wholesale beef prices led to a slip in cattle prices. Hog prices fell slightly as an approaching Midwest winter storm partially offset weak cutout values. Broiler prices weakened on tentative demand and strong supplies. Cheese prices hovered at just above support. Butter prices dropped as buyers remain unwilling to build stocks in the face of heavy supplies.

DEPARTMENT OF COMMERCE

- **Partnership for Critical Infrastructure Protection:** On February 22, Secretary Daley delivered opening and closing remarks to the National Planning Retreat of the Partnership for Critical Infrastructure Protection. DOC took the lead role in coordinating the meeting to more clearly define the working relationship between government and the private sector in ensuring the security of the nation's critical infrastructure. Upcoming DOC events include a risk assessment summit of corporate leaders and internal auditors at the White House in April, and a follow-up meeting of the Partnership for Critical Infrastructure Protection in June.
- **Review of Export Controls on Crime Control Items:** DOC's Bureau of Export Administration is reviewing U.S. export controls on crime control items, particularly as they relate to licensing requirements for NATO, Australia, Japan and several other countries. Human rights groups have sought expanded control to include certain countries considered to be "known human rights abusers" and increased reporting of U.S.-authorized exports of such items. The U.S. denies export of such items to a country if it has found that the government engages in human rights abuses.
- **Rural and Small Market Access to Local Broadcast Signals:** On February 14, DOC's National Telecommunications and Information Administration published a request for comments in the *Federal Register* regarding a public meeting on rural and small market access to local television broadcast signals to be held March 2. The notice requests public comment by April 14, with reply comments to be filed by May 15.

- **Office of the Secretary Intranet Pilot:** On February 15, as part of its effort to become a Digital Department, DOC initiated an intranet pilot for Office of the Secretary employees. It includes information about the missions and activities of organizations within OSEC, news items of interest to employees, and points of contact for administrative services.

DEPARTMENT OF LABOR

- **Family and Medical Leave Act:** On February 15, the House Labor Committee of the New Hampshire State Legislature passed a bill establishing a Joint Legislative Committee to look into the feasibility of paid leave under the Family and Medical Leave Act. A report is expected by November.
- **Collective Bargaining Update (Aerospace Industry):** The strike by the Society of Professional Engineering Employees Association against Boeing Corporation continues with no end in sight and negotiations stalled. Richard Barnes, head of the Federal Mediation and Conciliation Service, announced that they would meet with the parties. Boeing delivered three planes to unidentified customers over the weekend bringing the total number of deliveries to four since the strike began. Production has been slowed, but continues as other union workers have mandatory no strike clauses in their contracts and have had to cross picket lines.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Gene Transfer Subcommittee:** On February 28, there will be a meeting of NIH's Committee to the Director's Work Group on the Oversight of Gene Transfer Research. The meeting, which will be closed, will be held at NIH.
- **Adolescent Behavior Problems and Alcohol Use:** During the week of February 28, the Substance Abuse and Mental Health Services Administration will release a new study that shows adolescents, ages 12-17, who use alcohol are more likely to report behavioral problems, especially aggressive, delinquent, and criminal behaviors. The study concludes that there is a strong relationship between problem behaviors and alcohol use among youths, including fighting, stealing, driving under the influence of alcohol and/or drugs, skipping school, and deliberately trying to hurt or kill themselves. According to the study, adolescents who drink heavily are 16 times more likely than non-drinkers to have recently used an illicit drug. Even "light drinkers" were eight times more likely to have used an illicit drug in the past month than non-drinking adolescents. These findings are based on a new analysis of 1994-96 National Household Survey on Drug Abuse data.
- **FY2000 University-Head Start Partnerships and Graduate Head Start Research Projects:** On February 24, a Notice was published in the *Federal Register* announcing the availability of funds for University-Head Start Partnerships and Graduate Head Start

Research Projects. These grants will support research activities in the areas of infant toddler development. The maximum Federal share for the University-Head Start Partnerships is \$75,000 for the first-year budget period, and approximately \$150,000 for each year of the project period. It is anticipated that 4-6 projects will be funded. The Federal share for the Graduate Head Start Research Grants range between \$10,000-\$20,000 for the first year budget period or a maximum of \$40,000 for a two-year project period. It is anticipated that five to ten projects will be funded.

- **Statewide Disbursement Units:** On February 25, the Administration on Children and Families notified five states—AL, KS, NE, OH, and WY—that their child-support plans cannot be approved because they have not established the statewide disbursement units (SDUs) for child support payments required under the welfare reform legislation. The states do have an option to request an “alternative penalty” for not having an SDU, and thus avoid the possible loss of all Federal child-support funding.
- **African-Americans and AIDS:** On February 24, Dr. Eric Goosby, Head of the Office of HIV/AIDS Policy, gave an interview to the American Urban Radio Networks previewing the upcoming National Conference on African-Americans and AIDS and HHS’ role in the two-day conference. The interview was taped for broadcast on the network, which serves 300 African-American stations, and focused on the conference agenda as well as HHS’ partnership with the Congressional Black Caucus to address HIV/AIDS in the minority community.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Fair Lending:** Fannie Mae, the nation’s largest housing finance company, has given HUD information about the systems it has used to evaluate nearly ten million mortgage loans, clearing the way for HUD to determine if the systems operate in compliance with laws that bar lending discrimination.
- **Closing the Digital Divide With Neighborhood Networks:** Neighborhood Networks is a community-based initiative of HUD that encourages the development of resource and computer learning centers in privately owned HUD-assisted or HUD-insured housing. Neighborhood Networks is working to increase employment opportunities and access to health and wellness, improve educational performance of children, empower residents, increase participation by property owners and decrease dependency on federal funding.
- **Welfare-to-Work:** HUD has established a training program for Worker Trainees hired through the Welfare-to-Work Initiative called the Professional Development Institute for HUD Worker Trainees. On Friday, February 18, 2000, HUD completed its second training cohort bringing the total number of program participants to 65. Six sessions have been scheduled for FY2000, to train all of HUD's 200 Worker Trainees. Facilitators

delivered training on key subjects, such as: Overview of HUD Programs; Housing and Community Development Issues; Managing Change; Conflict Management; Oral and Written Communication; Team Building; Presentation Skills; and Using Technology to Enhance Service Delivery.

DEPARTMENT OF TRANSPORTATION

- **Computers to William J. Clinton Elementary School:** On February 18, Secretary Slater visited Sherwood, AR, where he spoke to over 125 elementary students about African-American History and career opportunities in transportation. He announced that DOT would donate 25 computers to the school in support of the Administration's education and technology initiatives. On February 14, Secretary Slater delivered a similar message to Ketcham Elementary School students in the Anacostia area of Washington, DC, and also donated 25 computers to that school. As part of DOT's Garrett A. Morgan Technology and Transportation Futures Program, the Coast Guard has donated over 2,230 computers to the DC Public School System during FY2000.
- **Federal Motor Carrier Safety Administration:** On March 8, Secretary Slater will announce the new FMCSA structure, which was created by the Motor Carrier Safety Improvement Act of 1999. This structure will provide an enhanced opportunity for all partners in transportation safety to work together to improve motor carrier safety and achieve the Administration's stretch goal of 50 percent reduction in truck and bus-related fatalities in ten years.
- **DOT and National Urban League Collaborate to Prepare Inner-City Residents for Careers in Transportation:** On February 21, Secretary Slater and National Urban League President Hugh Price will announce that six Urban League affiliates will participate in the National Urban Sustainable Employment in Transportation initiative to prepare inner-city youth, welfare recipients and low-income individuals for education and career opportunities in highway construction and transportation technology. The National Urban League will administer the NUSSET initiative with \$1 million in funding provided by DOT's Federal Highway Administration.

DEPARTMENT OF ENERGY

- **National Community Action Conference:** On March 1, in Washington, DC, Secretary Richardson will address leaders of the community action agencies which administer DOE's Weatherization Assistance Program (WAP). Secretary Richardson is expected to announce the award of FY2000 weatherization grants to states, as well as changes being made to WAP. The Weatherization Assistance Program implements energy efficiency measures in low income homes to reduce energy use by an average of 25 percent. Since 1976, WAP has weatherized 4.7 million homes. The funding FY2000 will weatherize

67,340 low-income homes. WAP is a, long-term solution that seeks to make low-income communities resistant to heating oil shortages and sharp price fluctuation. DOE has proposed a new strategy called Weatherization *Plus*, which will allow local weatherization providers to expand their traditional approach of addressing heating and cooling needs to a comprehensive whole-house approach using more advanced, cost-effective technologies. It should result in greater energy savings for more low-income families, and more livable communities.

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Limited Progress in Acquiring Alternative Fuel Vehicles and Reaching Fuel Goals:

GAO has completed an audit of the Energy Policy Act of 1992. They do not believe that the Act's goals to replace 10 percent of petroleum fuel with alternative fuels in 2000 and 30 percent in 2010 will be achieved under current economic conditions, because the widespread acceptance of alternative fuels will be determined primarily by economics, rather than provisions in the Act. The general public will shift significantly towards alternative fuels only if there are dramatic and sustained increases in the price of gasoline or very large incentives to reduce the cost of alternative fuel vehicles and encourage their use. The Secretary can initiate actions to bring about these modest increases in the use of alternative fuels. However, making more substantial progress toward the overall goal of reducing petroleum use by 30 percent in transportation will require the Secretary and the Congress to consider and choose among broader policy alternatives. This audit was requested by sixteen Members of Congress.

- **Distillate Prices Down, Stocks Down Slightly:** With little more than rumors to calm fears of even tighter supplies during the upcoming driving season, crude oil and gasoline spot prices gained ground over a week ago. In contrast, arrival of long-anticipated cargos and a forecast for warmer weather caused the New York Harbor spot heating oil price to plummet over 30 cents to 79.70 cents per gallon on February 14. Elsewhere, increases in diesel spot prices were prompted by higher crude oil prices. (The spot price for West Texas Intermediate crude oil at Cushing, Oklahoma went from \$28.40 per barrel to \$30.30 per barrel during the same time period.) The average U.S. on-highway diesel fuel price slipped from last week's record by 1.4 cent per gallon to 145.6 cents per gallon on February 14, 49.7 cents over last year. With declines of 14 to 19 cents, New England (PADD 1X) and the Central Atlantic (PADD 1Y) had a greater impact on the national average than did the small increases in the mid-continent. The average residential heating oil price was up a dramatic 19.4 cents from the January 31 mark, moving from 166.7 to 186.1 cents on February 7. Soaring prices in New England and the Central Atlantic remained the primary impetus for the growth of about a dollar from a year ago. Increases in production and imports and a drop in demand combined to hold distillate stocks steady.

2-28-00

- DEPARTMENT OF EDUCATION

- DEPARTMENT OF VETERANS AFFAIRS

- ENVIRONMENTAL PROTECTION AGENCY

- Cabinet Weekly Report, February 19 - 25, page 11*

temporary disruptions in use. The temporary shutdown allowed EPA to make substantial upgrades to its formation security. A private firm which specializes in computer security has been retained to help assess vulnerabilities and assist EPA in taking all necessary steps to protect the system from any future potential threats.

- **Clean Air Act Enforcement Actions:** Next week, EPA expects to announce new actions against additional facilities for violations of the Clean Air Act. These cases are part of the on-going efforts to achieve cleaner air by acting to further reduce the emissions from coal-burning power plants that have violated the nation's pollution laws. Taken together, these actions will allow million of people to breathe easier and thousands of acres of forests, farmland and countless lakes will benefit from greater protection.

UNITED STATES TRADE REPRESENTATIVE

- **WTO Annual Report:** On March 1, a report on the operation of the WTO will be submitted to the Congress, as part of the *Annual Report of the President on the Trade Policy Agenda*. The report will assess the operation of the WTO over its first five years of operation, pursuant to section 125 of the Uruguay Round and will discuss the direction of trade policy in the year ahead. The report will trigger a period during which Members of Congress will be able to introduce resolutions on the U.S. continued participation in the WTO. USTR will work vigorously to secure a positive vote on U.S. leadership within the world trade body.
- **Meeting with Governors:** On February 28, Ambassador Barshefsky will participate in your meeting with members of the National Governors Association on the U.S.-China Bilateral WTO Agreement. She will also conduct separate briefings for governors on the Agreement and other trade-related matters.
- **Trip to New York:** On February 29, Ambassador Barshefsky will travel to New York to push for China PNTR. In New York, she will deliver an address to the Asia Society, conduct press interviews with *CNN* and *Bloomberg News*, and participate in a U.S.-China Business Council/Nixon Center roundtable on China.
- **Meeting with Ukrainian Prime Minister Yushchenko:** During the week of February 28, Ambassador Barshefsky will meet with Ukraine's new, reform-minded Prime Minister, Viktor Yushchenko, to encourage him to reinvigorate Ukraine's WTO accession efforts and to address the serious - and worsening - problem with massive unauthorized production and export of CDs. The CD piracy problem has led to the opening of a review of Ukraine's GSP benefits and to U.S. industry demanding that Ukraine be designated a Priority Foreign Country.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Appropriations:** On February 29, Director McCaffrey will testify before the House Appropriations Subcommittee on Foreign Operations. This hearing will focus on the Administration's supplemental counternarcotics assistance proposal for the Andean Ridge countries of Bolivia, Colombia and Peru.
- **Trip to Southern California:** On March 2-3, Director McCaffrey will visit Southern California. On March 2, he will address the Orange County World Affairs. This address will focus on the national and international challenges facing America's drug control policy.
- **Annual Report on Implementation of the National Drug Control Strategy:** ONDCP is preparing to release the *Annual Report on implementing the National Drug Control Strategy*. The major finding of this report is that drug use among adolescents declined by 13 percent between 1997 and 1998. The report also highlights the Administration's initiatives to stop drugs and crime and support *Plan Colombia* (the Colombian government's strategy for addressing the crisis being caused by insurgency and drug trafficking).

cc: Burson
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SMALL BUSINESS ADMINISTRATION

- **Women's Outreach:** On February 26, SBA will participate in the Monterey County Women's Business and Leadership Conference at Hartnell College in Salinas, California. The event, hosted by the Monterey County Hispanic Chamber of Commerce, will focus on the demands, concerns and unique obstacles women face in the world of business.

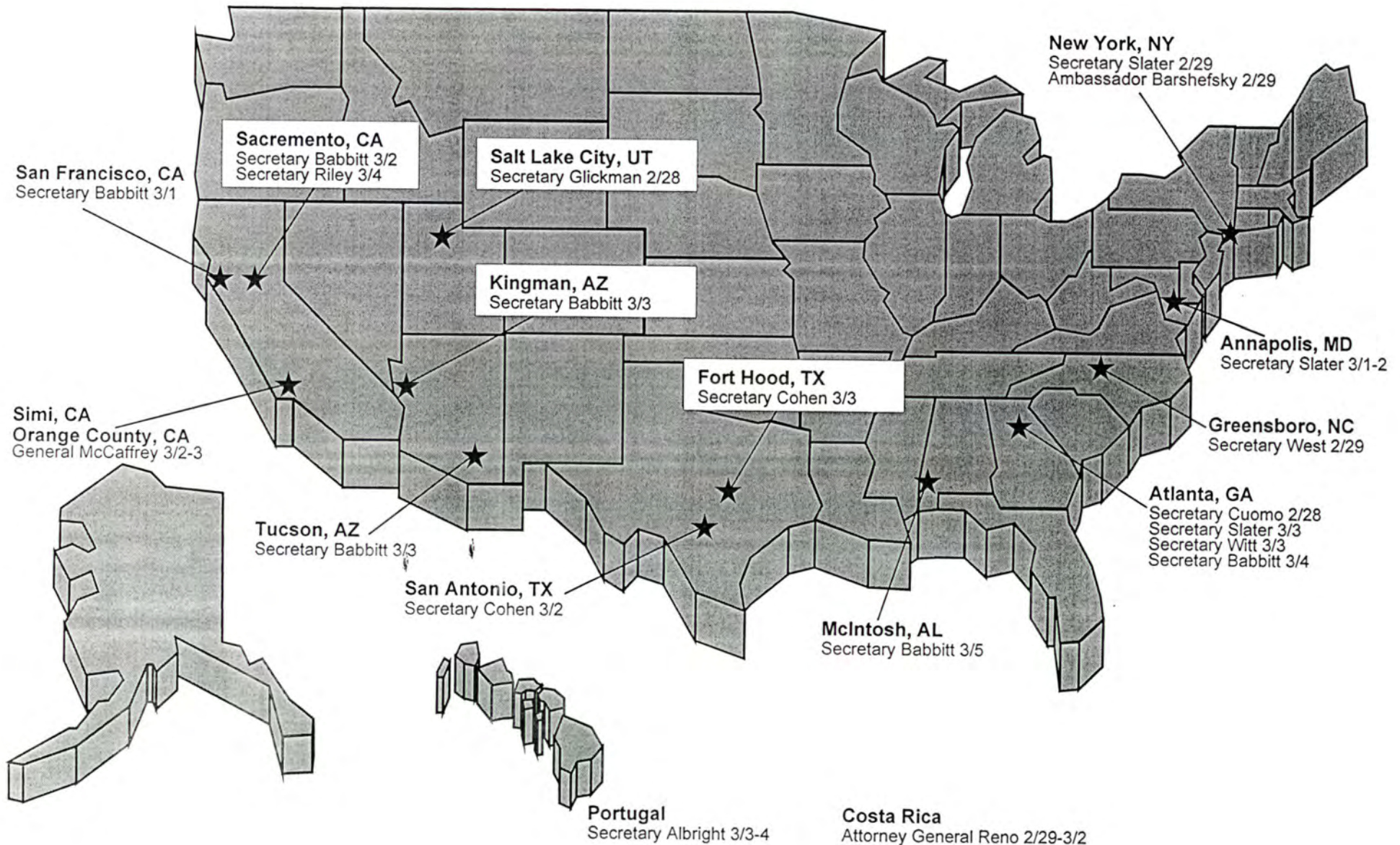
SOCIAL SECURITY ADMINISTRATION

- **Census 2000:** SSA is developing a number of initiatives to promote Census 2000 and to inform the American public of its importance. SSA entered into a "Level IV" partnership participation agreement with DOC that commits SSA to a number of census-related activities including placement of census information in our 1,500 nationwide field and hearings offices, encouraging our employees to take temporary positions as enumerators, and sending information to national stakeholder organizations about the importance of Census 2000. In addition, SSA is working with Treasury to include a census message in the April and May Social Security and SSI checks, which total about ten million each month. During President's Week, more than a dozen members of SSA's executive staff will participate in school and other public events or media interviews emphasizing the importance of Census 2000 and the need to enumerate all residents.

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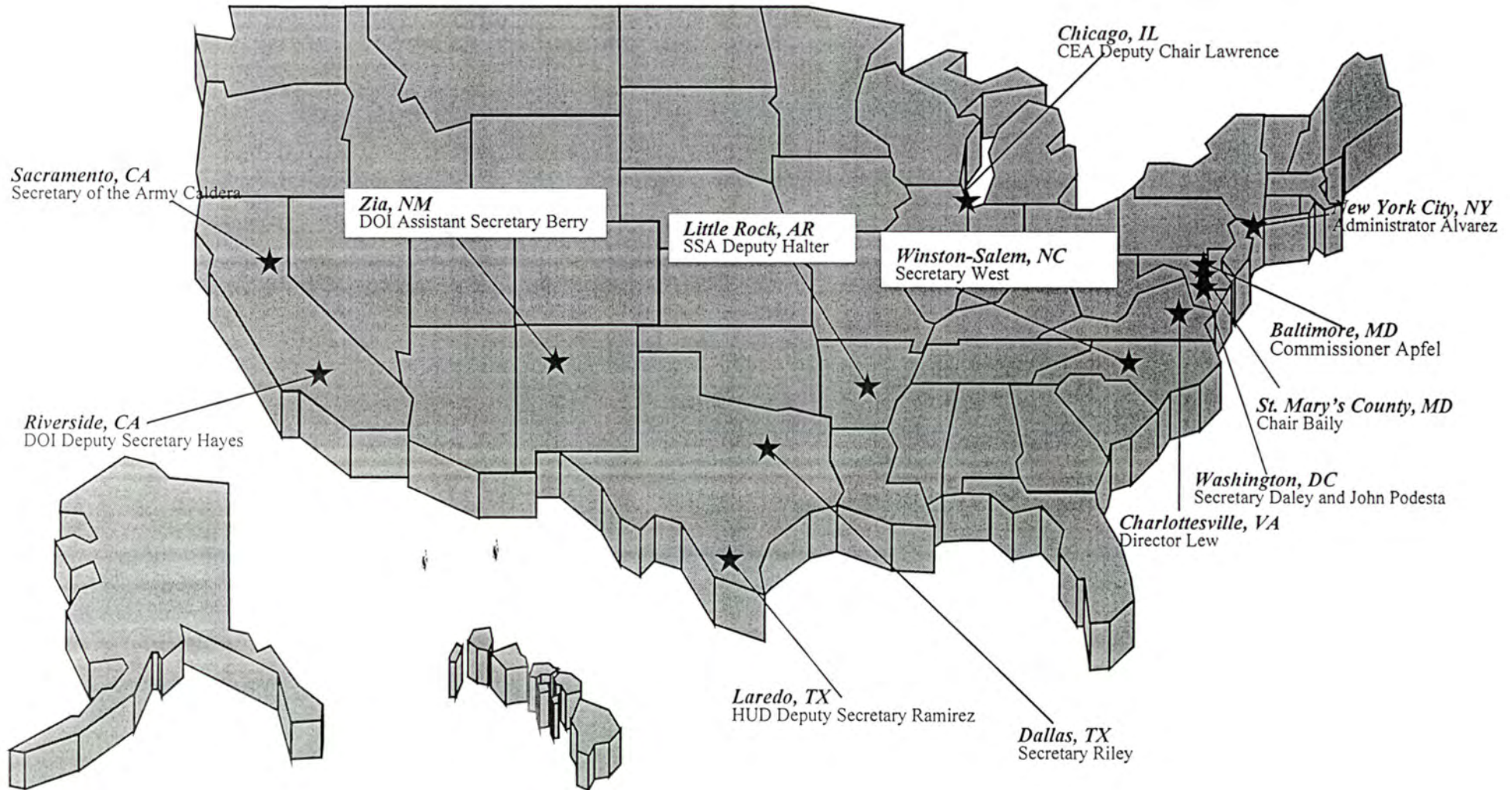
Cabinet Travel

Monday, February 28 - Sunday, March 5, 2000



Cabinet Travel for Census in the Schools

Friday, February 18 - Friday, February 25, 2000



cc:

The Vice President

John Podesta

Martin Baily

Sandy Berger

Sidney Blumenthal

Chuck Brain

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

Gene Sperling

Lauren Supina

Loretta Ucelli

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February 25, 2000

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MEMORANDUM FOR THE PRESIDENT

FROM: CHUCK BRAIN *emb*

SUBJECT: LEGISLATIVE WEEKLY REPORT

House of Representatives

Floor Activity

The House remained in recess in observance of Presidents' Day.

Week Ahead

The House will convene on Tuesday, February 29th for legislative business, with recorded votes after 6:00 PM. It will consider several measures under suspension of the rules. On Wednesday and for the balance of the week, the House will consider three measures subject to a rule. The last vote of the week is expected by 2:00 PM on Friday.

- **Government Waste:** On Wednesday, the House will consider H.R. 1827, the Government Waste Corrections Act (SAP sent, support). This bill proposes to improve the economy and efficiency of Government operations by requiring the use of recovery audits by Federal agencies. It was originally scheduled for consideration in November.
- **Ivanpah Valley Airport:** The House will consider H.R. 1695, the Ivanpah Valley Airport Public Lands Transfer Act (SAP under development, oppose). This legislation would provide for the conveyance of certain Federal public lands in the Ivanpah Valley, NV, to Clark County, NV, for the development of an airport facility. Clark County, NV is located in the first congressional district and represented by Congresswoman Shelley Berkley (D-NV). However, she is not a cosponsor of the bill. We are checking her interest in the bill.
- **Social Security Earnings Limit:** Lastly, the House is expected to consider H.R. 5, the Social Security Earnings Test Elimination Act (SAP under development, support). The legislation would eliminate the earnings test for individuals who have attained retirement age. As reported to the floor, this will be a clean bill, free of any other issues. However, we will need to monitor the Rules Committee to determine what, if any, of the amendments might be made in order. One such possible amendment would eliminate the earnings limit for blind persons. The bill should pass with overwhelming bipartisan support.

House Notes

- **Minimum Wage:** The Republican Leadership has indicated that this issue may be debated on the floor the week of March 6th. They will likely bring up, as separate measures, a tax proposal and a minimum wage proposal. The tax component will likely total tens of millions of dollars in

un-financed business tax cuts. It is not clear whether the wage package will stick to the \$1 over three years plan.

- **H-1B Visas:** Gene Sperling, Chuck Brain and other Administration officials will be meeting with Representatives from Leader Gephardt's office, Rep. Lofgren's office, and the New Democrats to further work on an alternative solution to the growing demand for an increase in the H-1B visas cap. A bill to increase the cap on H-1B visas is moving on a fast track in the Senate.

United States Senate

Floor Activity

- **Education Savings Accounts:** On Wednesday, the Senate began consideration of S. 1134, the Affordable Education Act, sponsored by Senator Roth (R-DE). On February 24th Senator Lott filed cloture on the bill which will ripen on Tuesday, February 29th at 2:30 PM. Also, on February 24th, the Administration issued an "Agencies" veto threat because the bill contains an education savings account provision similar to that offered by Senator Coverdell (R-GA). The Statement of Administration Policy states that the bill is "bad education policy and bad tax policy" and the SAP highlights your responsible education tax proposals.
- **Iran Nonproliferation Act:** On Thursday, the Senate passed (98-0) H.R. 1883, the Iran Nonproliferation Act. Senators' Baucus (D-MT) and McCain (R-AZ) did not vote. The bill is intended to punish foreign entities or persons who transfer prohibited goods or technologies to Iran. When the House of Representative considered its version of the bill last September, the measure was adopted unanimously (413-0) despite a Senior Advisors veto threat. During Senate consideration, however, a managers amendment (negotiated by Senator Carl Levin) was adopted which addressed many of the Administration's concerns. In particular, the Senate-passed bill clarifies that any sanctions or penalties under the bill are discretionary, rather than mandatory. Although we believe we already have sufficient tools to address the problem of proliferation to Iran -- and that this legislation is unnecessary -- we do not expect to recommend a veto of the Senate bill.

Week Ahead

- **Education Savings Account:** It is likely that the Senate will spend most of next week considering S. 1134, the Affordable Education Act. Cloture was filed on the bill and will ripen at 2:30PM on Tuesday, February 29th. If cloture is invoked the Senate will debate a number of relevant education amendments for several days. While a number of Democrats support the bill they may oppose cloture because they are prevented from offering non-relevant amendments. It is unclear yet what the outcome of the cloture vote will be.
- **Religious Liberty Protection Act:** There is a small chance that the Senate may take up S. 2081, the "Religious Liberty Protection Act" (RLPA), next week. This bill, which is sponsored by Senator Hatch (R-UT), would in many cases, forbid state and local governments from imposing a substantial burden on the exercise of religion, unless they could demonstrate that imposition of such a burden is the least restrictive means of advancing a compelling governmental interest. Although the Administration and many Senate Democrats are strongly supportive of the legislation, we remained concerned that RLPA could be used to circumvent numerous civil rights laws. We continue, therefore, to advocate for a civil rights exception or a more narrowly tailored provision.

THE PRESIDENT HAS SEEN

2-28-00

- **Export Administration Act:** The Senate could also consider S. 1712, the Export Administration Act, a bill sponsored by Senator Gramm (R-TX) which would modernize commercial export control regulations for goods having a potential military use. Although the bill passed the Banking Committee by a unanimous vote, the Majority Leader has not brought the bill to the floor, because Senator Warner (R-VA), Armed Services Chairman; Senator Helms (R-NC), Foreign Relations Chairman; Senator Shelby (R-AL), Intelligence Chairman; and Senator Thompson (R-TN), Governmental Affairs Chairman, continue to argue that the bill does not adequately address national security and intelligence concerns. Until these concerns are addressed, it is unlikely that the Senate will act on the bill.

Senate Notes

- **Clemency Bill:** The Senate Judiciary Committee reported by unanimous consent, a bill that would require the Attorney General to notify victims and "interested parties" (defined as any person "who requests 'interested party' status from the Attorney General") of: (a) the initiation of a clemency investigation by the AG; (b) the decision of the President to grant clemency in a particular case; and (c) the decision of the President not to grant clemency in a particular case. In addition, the bill would require the AG to biannually report to Congress on the clemency cases she and the President have taken under review. Although the bill is almost certainly unconstitutional, it is expected to be reported out of the Judiciary Committee by a substantial margin.
- **Patients' Bill of Rights:** House and Senate staff met this week to discuss patient protection items common to the House and Senate bills. The first Member meeting will be held on either Tuesday, February 29th or Thursday, March 2nd. There is no clear indication from Senator Nickels' staff as to their strategy regarding the pace of the conference negotiations or the inclusion of issues like medical errors.
- **Africa Trade and CBI:** The Administration met with committee staff members on Friday to discuss conflicting provisions including textiles, labor rights, and AIDS. We expect these discussions will continue in the following weeks. The first meeting of Members is scheduled for the first week in March, with expectations that the conference will conclude and be adopted prior to the Easter recess.

cc: The Vice President
John Podesta
Steve Ricchetti
Joel Johnson
Maria Echaveste
Karen Tramontano
Ann Lewis

THE PRESIDENT HAS SEEN

2-28-00

THE WHITE HOUSE
WASHINGTON

00 FEB 25 PM 3:38

February 25, 2000

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARY BETH CAHILL 
DIRECTOR, OFFICE OF PUBLIC LIAISON

*copied
Cahill
Podeste*

SUBJECT: WEEKLY REPORT (February 18 to February 25)

I. ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES:

DIGITAL DIVIDE

OPL Hosts Briefing for the Business and Civil Rights Communities Digital Divide Tour. Sec. Daley, Maria Echaveste, Gene Sperling, and I briefed a joint group of 90 representatives from the business and civil rights communities on your digital divide initiative and upcoming New Markets Tour. There has been great interest in the business community since you announced the tour in December. We are now scheduling focused consultation meetings with civil rights community representatives -- including African Americans, Hispanics, Native Americans, and Americans with disabilities -- to discuss obstacles to IT opportunities for each group and solicit input in planning your April tour.

The National Association for Equal Opportunity in Higher Education (NAFEO) and Xpedior, Inc. Announce Silicon Valley Minority Opportunity Program. Their Wednesday announcement is an attempt to increase minority recruitment, placement, and advancement in Silicon Valley and other high tech centers. From July 16-23, Xpedior will host a Silicon Valley Minority Hiring Conference for Presidents and Chancellors from historically black colleges and universities, Hispanic American colleges and universities, Native American institutions, and Gallaudet University to help open lines of communication between Silicon Valley and minority institutions. The Association of Internet Professionals, San Francisco Chapter is one of Xpedior's project partners.

CHINA PNTR

PNTR Meeting with Presidents of Major Trade and Business Associations. Sec. Daley, Steve Ricchetti, and I met with Sam Maury, President of the BRT, Tom Donohue, President of the US Chamber of Commerce, and Jerry Jasinowski, President of NAM, to discuss the business community's efforts to secure permanent NTR for China. We reiterated the need for them to promote PNTR not only in Washington, but also in the states. Your focus on China PNTR in recent public speeches and events has effectively resonated with the business community.

2-28-00

Why they not
invited?

AFRICAN OUTREACH

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King Family and NAACP (especially Julian Bond) Extremely Grateful for Preston King Pardon. They appreciate your steadfast commitment, over the last six months, to support this civil and human rights issue.

OPL Hosts Meeting with Indian American Community on Trip to India. Thirty-five key Indian American leaders from across the country met with OPL, NSC, and the State Department to share their ideas regarding your upcoming trip to South Asia. The leaders underlined the importance of highlighting the Indian American community and their contribution to the U.S. and to U.S.-India relations. They urged you to focus on the issues of technology, business/trade, and health care. Also, to raise concerns regarding the growing threat of terrorism, particularly from Pakistan. However, they were divided on the issue of whether the you should visit Pakistan.

Arab Americans Motivated by OPL Outreach Meeting. Following their meeting with you last Friday, Arab American leaders are already at work on four main issues discussed. These initiatives include: draft wording for a possible executive order on secret evidence; research into deportation of Arabs under the 1996 immigration reform act on the grounds of past crimes; development of initiatives/events through which you can help promote a positive public image of Arab Americans; and follow-up with Presidential Personnel in placing Arab Americans in the Administration. OPL will facilitate coordination of these efforts with meetings set for mid-March. We have also put the One America office in contact with Miriam Zayed, the public school teacher from Chicago who is interested in promoting diversity in public schools.

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Greek and Turkish Americans Welcome Administration's Efforts On Cyprus. Pointing to the Administration's success over the last six months in advancing Greek-Turkish relations to a new level, Ambassador Al Moses and Tony Blinken affirmed the Administration's commitment to working toward a comprehensive settlement on Cyprus. In separate calls sponsored by OPL, over 60 Greek and Turkish Americans from around the country exchanged ideas on what a final Cyprus agreement could look like and how to overcome the obstacles ahead. Ambassador Moses said the Administration will continue to work hard to bridge the fundamental differences between Greece and Turkey over Cyprus as it prepares for the third round of proximity talks in May.

GAY/LESBIAN OUTREACH

New York and California Advocates Enthusiastic about the Permanent Partners Immigration Act. The legislation, which would allow lawful U.S. citizens and permanent residents to sponsor their "permanent partners" for residency (and apply to gay and lesbian couples), has been introduced by Rep. Nadler.

Gay Straight Alliances Create Friction in Conservative Communities. Nationally, there are over 600 school clubs called gay straight alliances; their purpose is to create a safe space for students, teachers, and parents to talk about issues facing gay and lesbian students. Several communities, however, have raised strong opposition. This week in Baton Rouge, for example, 38 students protested the formation of a gay straight alliance. And last week in Orange, California, a federal district judge ordered the school board to allow the group to meet until the case could get a full hearing, and criticized the school district for failing to protect gay students from harassment. Advocates believe these clubs are critical for teaching tolerance and reducing harassment and hate crimes in the schools.

HEALTH OUTREACH

Consumers, Labor, Nurses, Health Experts, and Former Quality Commission Members Applaud your Announcement on Medical Errors. The American Medical Association and the American Hospital Association (AHA) continue to disagree with the Administration on mandatory reporting. This week OPL organized roll-out calls with consumers, business, quality commission members, physician groups, nurses, hospital groups, and health experts to amplify your proposals.

Vaccine Company Presidents Working with Pharmaceutical CEOs to Identify New Areas of Partnership. On Wednesday, in anticipation of your March 2 meeting with Pharmaceutical and Foundation leaders, OPL coordinated a pre-meeting for Gene Sperling, Sec. Summers, and Neal Lane with the Presidents of American Home Products, Aventis-Pasteur, Merck, and SmithKline Beecham (representing the four pharmaceutical companies that produce vaccines). Today, with the additional Administration participation of Sec. Shalala, OPL coordinated a second pre-meeting with leaders of health foundations.

LATINO OUTREACH

Latinos Organize in Support of Hispanic Judicial Nominations. On Wednesday, Manny Mirabal, President of the National Hispanic Leadership Association, held a press conference with members of the Mexican American Legal Defense and Education Fund, United States Hispanic Chamber of Commerce, the League of United Latin American Citizens, the Hispanic Bar Association, the Mexican American Bar Association, and members from the Republican Hispanic National Committee. At the press conference, Jose Rivera, Chairman of the Republican Hispanic Committee, expressed his support and urged the Senate Majority to vote up or down on all your Hispanic judicial nominees. Additionally, Rita DiMartino, Executive Vice-Chair of the New York State Republican Party, urged the Senate to vote in favor of Judge Paez. On Thursday, Sen. Lott issued a statement saying he would vote against Paez, and that he believes the 9th Circuit Court of Appeals does not need additional judges. Lott also said he would oppose the nomination because of Paez's past rulings and political activities. We will continue to monitor the situation and work closely with the groups as the Paez vote nears.

RELIGIOUS OUTREACH

Archbishop McCarrick May Be Moving Up. Rumors continue to swirl about Cardinal O'Connor's successor, and Archbishop McCarrick is now said to be seriously in the running. If he is not chosen for New York, then he may succeed Cardinal Hickey in Washington. It seems even the Pope doesn't always get what he wants -- it is said that Cardinal Law thwarted the Pope's wish that McCarrick succeed Bernardin in Chicago.

People for the American Way Reviving Effort with Religious Leaders. They have begun a Progressive Religious Partnership of activists -- reinvigorating past work with the faith community. They are focusing this year's election efforts on potential effect on Supreme Court nominations. They are also continuing their African-American Ministers Leadership Council, which has been working in conjunction with the NAACP, in opposition to school vouchers. This year the Council will be concentrating on training for voter registration and GOTV.

THE WHITE HOUSE
WASHINGTON

00 FEB 25 PM 7:02

February 25, 2000

Copied
Johnson
Podesta

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

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

This is America: I made an appearance on "THIS IS AMERICA with Dennis Wholey." The other panelists included Andrew Young, April Ryan and others. This PBS television program is aired in over 150 cities in the U.S. and over 250 cities around the world. While there were two George W. Bush supporters on the show, we were able to get across the importance of your education program and your One America agenda.

Treasury Department Race Initiative: I met with the Department's Race Initiative Working Group, including staff that handle hiring and EEOC complaints. We discussed the need to continue diversifying the federal government in an effort to close opportunity gaps. It was an enthusiastic group and they have drafted a plan that they intend to submit to Secretary Summers.

CONSTITUENT OUTREACH

Barbara Jordan Memorial Forum: I spoke at the Fourth Annual Barbara Jordan Memorial Forum on Diversity In Public Policy at the LBJ School of Public Affairs. The Forum was founded in 1996 as a student initiative to commemorate and preserve Jordan's commitment to the value of diversity in making good public policy. The event was held in Austin, Texas and was attended by a diverse group of students from throughout the US. The One America message was well received.

KPMG Black History Event: I spoke to a mixed audience that included a mix of accountants, attorneys, and management consultants at the Washington, D.C. office of KPMG LLP (Peat Marwick). I spoke about your One America agenda and I gave them some anecdotes from your first New Markets tour. The group was very impressed with your agenda and the speech was well received.

CABINET RACE INITIATIVE WEEKLY (February 18-25)

Department of Agriculture

Service to Native Americans: On February 16-17, USDA Rural Development offices in CA and NV, and the Rural Community Assistance Corporation (RCAC) sponsored a Federal Agency Roundtable to explore better ways of serving Native Americans. Issues that were discussed include environmental, housing, community and business development, improving coordination between programs, and recognition of challenges faced by the Native American community, as well as ways government offices can best maximize the effectiveness of resources to meet those needs.

Housing Grants: On February 18, USDA helped honor the 50th Anniversary of the Rural Housing Service by announcing new Rural Home Loan Partnership Agreements including a presentation of \$480,000 for construction of homes in Muldrow, OK; and presentation of \$390,000 to the Housing Authority of the Cherokee Nation, in Tahlequah, OK. Local media, state officials, and Members of Congress were been invited.

Department of Education

Affirmative Action at FL State Colleges and Universities: On February 22, FL's state government became the first to voluntarily ban race and gender preferences in college admissions. The policy change, part of Gov. Bush's "One Florida" plan, was made official by a 4-2 vote in the state's independently elected cabinet. The plan promises that students who graduate in the top 20 percent of their high school class and complete a college preparatory curriculum will get into at least one of the 10 state universities.

State officials expect 50 buses with as many as 2,200 protesters to visit Tallahassee on March 7, the first day of the legislative session and the 35th anniversary of the march in Selma, AL, led by Dr. Martin Luther King, Jr.

Department of Health and Human Services

Tribal TANF and NEW Programs Final Rule: On February 18, the Federal Register published the Temporary Assistance for Needy Families (TANF) final rule. This final rule covers many of the core provisions that Tribes need to follow in developing and implementing their TANF and Native Employment Works (NEW) programs. Specifically, these provisions address plan requirements and funding for both the Tribal TANF and NEW programs, as well as addressing accountability, data collection, and reporting requirements. The regulation also addresses the statutory provisions regarding establishment of time limits, work participation requirements, and penalties.

Women and Heart Disease Atlas: On February 16, the CDC released "*Women and Heart Disease: An Atlas of Racial and Ethnic Disparities in Mortality*." For the first time, county-level maps of heart disease incidence are available for women of the five largest racial and ethnic groups in the United States--American Indians and Alaska Natives, Asian Americans and Pacific Islanders, blacks, Hispanics, and whites. This Atlas provides health professionals and concerned citizens at the local, State, and national levels with information needed to identify populations of women at greatest risk of heart disease and in greatest need of increased prevention efforts.

Also included in this Atlas are maps showing the geographic patterns of local economic and medical care resources, social isolation of women, and population distributions for each racial and ethnic group. This is the first in a series of atlases on cardiovascular diseases in progress at CDC. The next atlas will address men and heart disease.

Department of Interior

EPA Seeks BLM Participation: EPA's American Indian Environmental Office is seeking BLM participation in a joint Federal-Tribal MOU 2000 that broadens and promotes interagency collaboration in addressing environmental protection issues in Indian Country. This MOU would supplement a 1991 MOU and focuses on regional or area-specific environmental problems on the reservations in the EPA Region 8 geographical area (CO, MT, ND, SD, UT and WY).

American Cowboys Are Indian Too: A camera crew from Chicago came to Ak Chin Indian Community (AZ) to film tribal members for a segment on the American Cowboy. The documentary is geared to expand the public's understanding that cowboys weren't just Anglos, but also American Indian and other races. The documentary will be completed in May and will be aired on the History Channel.

Subsistence Summit: The AK Federation of Natives (AFN), after a 2-day conference in Anchorage, is abandoning a 10-year long effort to get AK to amend the State Constitution to grant a rural preference for subsistence. AK Natives are unhappy with AK's decision to appeal the *Katie John* decision to the U.S. Supreme Court. AFN will instead seek protection of subsistence rights from the U.S. Congress. Resolutions adopted at the summit called for Congress to develop "a Native and rural priority" in managing resources on federal lands, requesting Congress to reclassify corporation lands as Indian Country on request by an individual Native corporation, and directed AFN to look into the matter of possible Native economic sanctions to pressure opponents of subsistence rights of Natives.

Census 2000 Outreach: All BIA Regional Directors and Education Line Officers will participate in the Census in Schools Week activities planned by BIA-run

schools across Indian Country. This undertaking will create awareness and motivation among students to carry the census message home and get their parents to fill out and return their census forms. It is extremely important for BIA to help in reservation areas where the undercount by BIA in the 1990 Census was a staggering 12.2 percent.

Interagency Initiative on Asian Americans and Pacific Islanders: DOI will co-chair the new interagency working group mandated by the White House Initiative on Asian Americans and Pacific Islanders. DOI will help the White House develop plans to ensure that Asian Americans and Pacific Islanders increase their level of participation in Federal programs. The first meeting of the new group took place on February 23.

Department of Justice

Crime Policy in the 21st Century: On February 29, the National Institute of Justice and the Office of Policy Development will convene a seminar on public trust and confidence in the justice system, the first in a series of sessions on Crime Policy in the 21st Century. The series is bringing together bipartisan groups of experts to discuss the critical crime policy ideas that best promise to meet the needs of communities over the next five to ten years. The first session, on public trust, will address police interactions with children and minorities, jury nullification, and racial profiling, among other topics. Sessions in March and April will cover sentencing and corrections policy and the role of science, such as DNA evidence, in the justice system.

Hate Crimes Publication: On or about February 23, the Bureau of Justice Statistics (BJS) is expected to release *Addressing Hate Crimes: Six Initiatives That Are Enhancing the Efforts of Criminal Justice Practitioners*. The document examines innovative efforts by national, state, and local law enforcement agencies to prevent and respond more effectively to hate crimes.

Racial Profiling Conference: On February 17, the Department held a meeting with law enforcement, civil rights and community representatives on racial profiling and data collection. This is a follow-up project from the Attorney General's June 1999 conference on Strengthening Police-Community Relationships.

Small Business Administration

New Markets: On February 15th-16th, SBA participated on two panels at the Alaska Rural Small Business Conference in Anchorage, AL (Region X). The conference is being held in a HUBZone and will target new markets bringing together over 300 Native Alaskan and rural business owners. The conference is sponsored by the Alaska Village Initiative and the National Bank of Alaska.

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Social Security Administration

National American Indian/Alaska Native Service Delivery Conference: On March 14-16, SSA will host a national American Indian/Alaska Native Service Delivery conference in Denver, CO. Tribal leaders throughout the United States and executives and staff from SSA, as well as representatives from other Federal, State, and local agencies, will be included among the 450 conference participants. Conference attendees will discuss American Indian and Alaska Native history and culture, better ways for American Indian and Alaska Natives to access Social Security services, and the recruitment and retention of American Indian and Alaska Native employees.

Conference to Increase Employment of American Indian Women with Disabilities: On February 29 – March 4, SSA and the Department of Education will cosponsor the "Stepping Stones to Increase Employment of American Indian Women with Disabilities" conference. The conference, which will be hosted by the Ft. Mojave Indian Tribe at their resort in Laughlin, NV, also enjoys the support of other Federal agencies including the Departments of Agriculture and Health and Human Services, the President's Committee on the Employment of People with Disabilities, and the Indian Health Services. The conference will focus on programs and strategies for self-employment and forming cooperatives.

Native American Tribes in Kansas: On February 24, Michael Grochowski, SSA's Kansas City Regional Commissioner, met with Steve Cadue, the Tribal Council Chairperson and representative of the Kickapoo tribe, and representatives from the Sac and Fox, Iowa, and Prairie Band Potawatomi Native American tribes to discuss Social Security programs and services to Native Americans. The all-day meeting, that covered Medicare and Medicaid issues, was held at the Kickapoo Reservation in Horton, KS.

Department of Transportation

Secretary Slater Donates Computers: On February 14 and 18, Secretary Slater visited Sherwood, AR, and Washington, DC's Anacostia area, where he spoke to elementary students about African-American History and career opportunities in transportation. DOT donated 25 computers to each of the schools. The computers were provided by the U.S. Coast as part of DOT's Garrett A. Morgan Technology and Transportation Futures Program to replace older computer systems. The Coast Guard has donated over 2,230 computers to the District of Columbia Public School System during fiscal year 2000.

Department of Treasury

BusinessLINC: Staff from Treasury's Offices of Economic Policy and Community Development Policy have begun consulting with Native American tribal leaders on adapting the BusinessLINC program to Native American communities. Key issues to be resolved include identifying the kinds of business-to-business relationships that would be most beneficial to reservation economies and how to organize the effort to assist the small, widely dispersed and very poor Native American communities.

THE PRESIDENT HAS SEEN
2-28-00

THE WHITE HOUSE

WASHINGTON

February 25, 2000

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WEEKLY MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER

CC: MARIA ECHAVESTE

SUBJECT: INDIAN COUNTRY

- The winter meeting of the National Congress of American Indians (NCAI) took place this week here in Washington. I spoke to them on Thursday morning about your budget initiative, and I introduced a video from the Vice President that was well received. Maria Echaveste is speaking to NCAI tomorrow, and John Spotilla is conducting a consultation session on the proposed executive order on consultation. In addition, Secretary Glickman, Attorney General Janet Reno, Secretary Summers, Secretary Shalala, and Deputy Secretary T.J. Glauthier addressed NCAI. Of course, Assistant Secretary of the Interior Kevin Gover spoke, as well as the Director of the Census Ken Prewitt. This represented the largest involvement by the Administration at any of NCAI's conferences.
- The tribal leaders who were at the departure statement today were very pleased with their meeting. They had the chance to talk to Senators Johnson and Akaka, and, of course, to meet with you. As you noted, several of the tribal leaders were new people--I tried to reach out to folks you had not met before.
- Treasury conducted a consultation with tribal leaders this week on the Business Linc proposal in your 2001 budget that would extend Business Linc into Indian country.
- As a direct result of the New Markets Initiative, U.S. West is unveiling a "Learning Through Technology" partnership program with the Denver Indian Center. The company will provide funding up to \$150,000. The Denver Indian Center is a non-profit organization that provides education and social services for American Indians and others living in southwest Denver. The program will provide technology training to American Indians and is designed to help bridge the "Digital Divide". I'll draft a letter for you to send to Solomon Trujillo, head of U.S. West.

Good

45

MEMORANDUM FOR THE PRESIDENT
PAGE TWO

- THANK YOU

I **love** the picture of the Lumbi people around the circle. It means so much to me that you gave me something that you have had for so long. I went immediately to the framers and arranged to have your note to me installed under the picture. Thank you very much.

2-28-00

THE WHITE HOUSE

WASHINGTON

Green - Full from
 Summer after the
 meeting 7/28/2000
 Mr. Podesta

- ① Thanks for making that call Saturday.
- ② In talking about technology you might consider using VP Gore's idea of "the info tech supply shock" as a reverse of the oil shock of the 1970s. A falling price of a key input leads to lower unemployment, inflation and more productivity growth.
- ③ Following our conversation, I spoke with ~~the~~ Greenspan and ~~can~~ can update you. It was generally along the lines of what I said to you.
- ④ On SRR the swap idea is to ~~purchase~~ ^{buy} and buy at lower price on futures markets for the SRR, not to carry sell out of SRR which would be nuclear.

Copied
 Sperling
 Podesta

THE PRESIDENT HAS SEEN
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Top of page:

Col 1: Health feature. Moving later.

Cols 2: Allegations of religious bigotry dominates the Republican presidential race, as George W. Bush declares his "profound respect for the Catholic Church" and apologizes for his appearance at Bob Jones University in South Carolina. (CAMPAIGN-GOP, moved.)

Cols 3-5: Photo from flood in Africa. Refers to inside wire story.

Col 6: A newly issued patent on a gene that controls how AIDS begins infecting its victims is fueling controversy over who should own and profit from the torrent of genetic discoveries emerging from research labs and biotech companies across the United States. (GENES-PATENT, moving Monday.)

Above fold:

Col 2: State political feature.

Below fold:

Col 3: Sports feature.

Cols 4-5: In the latest example of the murderous violence that has gripped the Mexican border town of Tijuana, the municipal police chief is assassinated by gunmen who spray his car with more than 100 bullets, authorities say. (MEXICO, moved.)

Bottom of page:

Cols 1-2: Russia has been on a furious offensive against the separatists in Chechnya; but no less furious has been the campaign's aftermath in recaptured territory, as Russian soldiers prowl in search of anyone who may have helped the rebel fighters and whom they can punish; former inmates tell of brutality at one "filtration" camp. (RUSSIA, moved.)

Cols 5-6: Bill Bradley came to his insurgent presidential campaign, the crowning phase of a storied life, steeped in years of preparation and intent on blazing his own unconventional trail, but after a promising start his chances for a win this time appear to be fading. (CAMPAIGN-BRADLEY, moving Monday.)

Gore Warns Insurance Company in Dispute with Family
By Edwin Chen and Matea Gold
Los Angeles Times

SEATTLE Vice President Al Gore elevated a family's potentially life-and-death dispute with a giant insurance company to an extraordinary level Sunday, as he sternly warned the firm publicly against cutting off the family's medical benefits.

As Gore angrily described the family's plight, the crowd of some 400 supporters at his campaign rally alternately roared with support for the family and vented their anger at Aetna Inc. by booing and jeering.

First into the limelight were Dylan and Christine Malone of nearby Everett.

Their infant, Ian, born in early September, has a life-threatening respiratory condition that requires around-the-clock nursing care to prevent him from asphyxiating on his own fluids.

But according to Gore and the couple, who met earlier in the day, Aetna has stated its intention to scale back coverage for the child's nursing care, and to terminate it altogether after March 18.

"Don't do this! Don't do this!" Gore thundered from the stage erected in a high school gym, microphone in hand. "Don't cut this child's coverage!"

Gore also said that the Malones' caseworker at Aetna had suggested that the couple abandon custody of Ian, which would make the infant eligible for Medicaid, the federal government program for indigent people.

A spokeswoman for Aetna disputed the characterization of the case as Gore and the Malones presented it. "Aetna is continuing to communicate with the family. At this point, this is not a closed case. We are continuing to work with them to determine the appropriate level of care for the child."

Gore injected a strong note of partisanship into the matter.

The Malones' plight, Gore told the crowd, underscored the urgent need for Congress to enact the Democratic version of a patients' bill of rights. Gore said the competing Republican approach does not go far enough to ensure that patients have adequate protections and legal recourse when their insurers deny them benefits. Gore suggested that the GOP plan was "phony."

Dylan Malone, a graphics artist at a newspaper in nearby Everett, said he brought his case to Gore's attention last week by faxing to the vice president's campaign office here a Seattle newspaper account of his family's plight. A few days later, the Malones were invited to meet with Gore Sunday.

In an unusual twist, campaign workers for Democratic presidential candidate Bill Bradley had read about the Malones and contacted them shortly after the story appeared. But the Malones, Gore supporters, spurned the Bradley campaign and contacted the vice president's camp instead.

Gore told the rally that he was taking up the Malones' cause because "they believe it may be their last chance to save Ian's life."

Gore said Ian may not require such intensive care throughout his life, but that it is critical during his first year of life.

Bradley, meanwhile, was taking his plea for racial understanding to a black church here Sunday, emphasizing his Democratic credentials as he tried to shore up support two days before the Washington state primary.

Bradley stood before the congregation at the First AME Church and said the country must acknowledge the continuing discrimination against blacks.

America needs a leader "who is prepared to take the risk to challenge white America to stop denying the indignities that black Americans have to experience every day," Bradley said, as about 300 church members applauded and shouted their assent.

Saying he was "stunned" by the recent acquittal of four New York police officers in the death of West African immigrant Amadou Diallo, Bradley said America must grapple with issues such as racial profiling.

Later in the day, Bradley gave a group of young basketball players at the Bellevue Boys and Girls Club some tips and organized a competition. After initially falling behind, his team won, 11-9.

While the last polls show that the former New Jersey senator has 20 to 25 points to make up in Washington state, his

THE PRESIDENT HAS SEEN

2-28-00

FAX TRANSMITTAL

February 24, 2000

TO: Mr. Sandy Berger
The White House

FAX: 001-202-757-2679

FROM: Richard F. Celeste
Ambassador
American Embassy
New Delhi, India

FAX: 91-11-419-0069

Sandy
I agree with your especially
suggestion about interaction
w/ young Indian leaders
R

Dear Sandy:

Attached is for your information.

✓
copied
Berger
Podesta

To: The President
From: Berger
Subject: Celeste letter

I believe Dick's analysis,
attached, is right on target
(although it runs somewhat
counter to your aspirations
for the trip). It is consistent
with our approach to the
trip so far (i.e. emphasis
publicly on a new partnership
between US & India; light
on India-Pak/non-pro in
public; more probing in private).
I strongly believe that is the right
approach, and Dick has set
forth the rationale well.

A

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001. letter	Ambassador Richard Celeste to POTUS (5 pages)	02/24/2000	P1/b(1)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Chron Files
OA/Box Number: 21414

FOLDER TITLE:

Monday, February 28, 2000 [1]

2019-0990-S
rs3458

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Presidential Records Act - [44 U.S.C. 2204(a)]

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- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

[The Washington Post]

W T LOOK

Commentary | **B**

Editorials
Columnists
Close to Home

SUNDAY, FEBRUARY 20, 2000

THE PRESIDENT HAS SEEN
2-28-00

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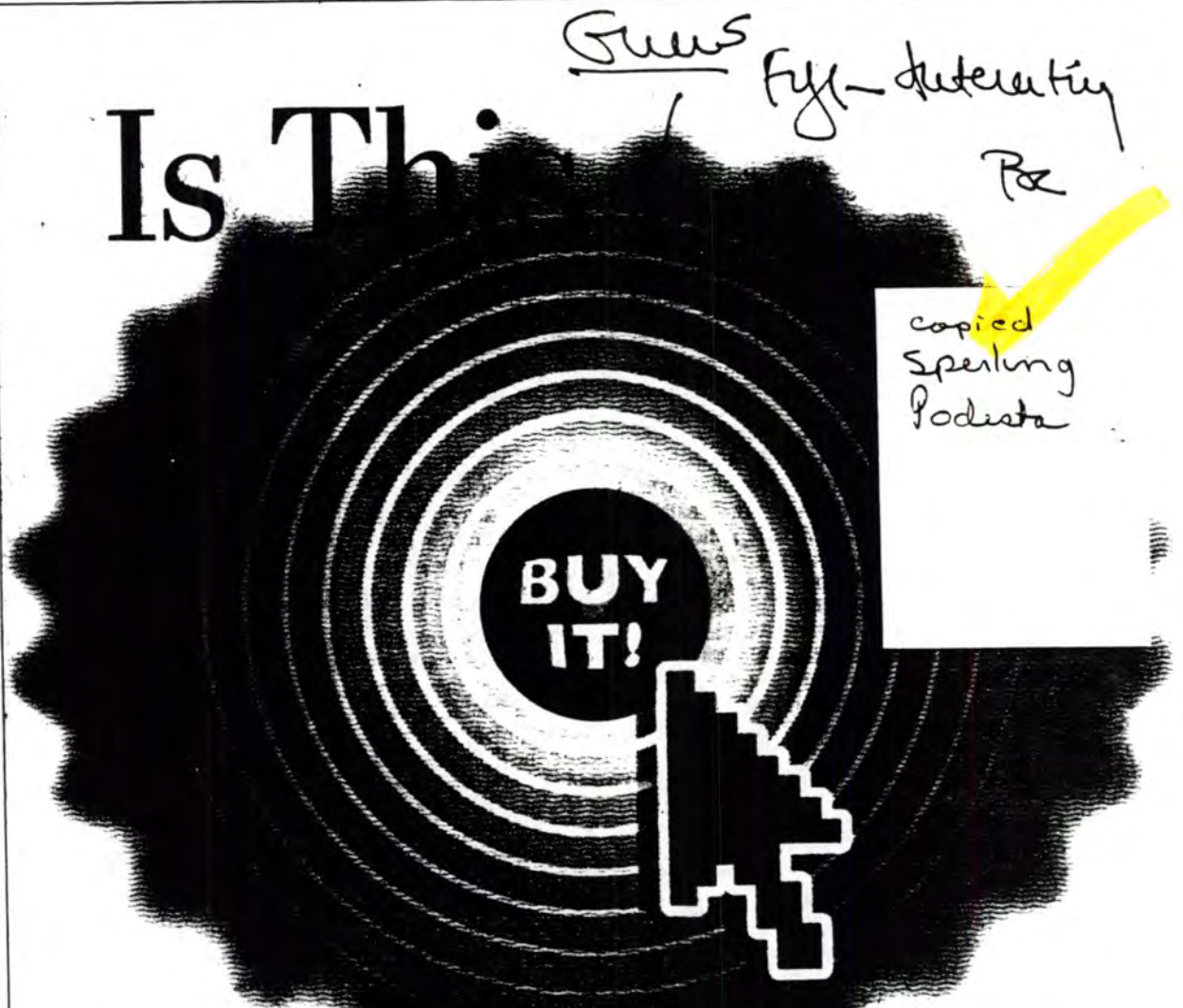
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The Death of Sales

What do malls and sales taxes have in common? The Internet could kill both. Or not. But the growth of online shopping—and its defiance of geographic boundaries—could utterly transform how we think about commerce and taxation. If the

who does the collecting?

The existing rules are being

applied to the new shopping order, but they're confusing, cumbersome and the product of a different time. Buy online—or from a catalog—and you're rarely charged sales tax. (Legally, you're still responsible for sending those tax dollars to your state, unless local laws let you off the hook.)

A debate about whether to change all that rages on. In 1998, Congress enacted a three-year moratorium on new taxes for Internet purchases and appointed a national advisory committee to suggest a solution. That panel, led by Virginia Gov. James Gilmore, is aiming at an April recommendation.

Outlook invited six experts to discuss these issues at our electronic round table, otherwise known as e-mail. Excerpts:

JOEL SLEMRD, Paul W. McCracken professor of business economics and director of the Office of Tax Policy Research at the University of Michigan Business School:

Think of Internet commerce as the ethanol of the new economy. Like ethanol, it creates jobs. It's the fuel of the future. But most economists agree that there is no compelling economic justification for the ethanol subsidy. The same goes for Internet commerce: If it is the wave of the future, it will survive—and indeed flourish—without any special exemption from state and local retail sales taxes. There's no reason for the tax system to induce people to ignore local mail and package stores, which create millions of jobs.

Putting Internet commerce on a level playing field would be trickier than eliminating the ethanol subsidy, because there are 7,000 or so taxing jurisdictions in the United States. But that is a practical, solvable problem.

Together with the globalization of commerce, the Internet exacerbates tensions in our cobbled-together system of taxing commerce. But the threat is not only to sales taxes. Most income tax systems rely on the concept of location—where income is earned and where companies are located.

When computer servers can be put in a tax haven like the Cayman Islands, the U.S. federal income tax base is at risk. When companies can put their servers in low-tax jurisdictions, then state income taxes and local property taxes are also at risk. If anything, sales taxes that are levied based on where consumers live rely on a less slippery concept than do income taxes based on where income is produced.

STEPHEN MOORE, fiscal policy director at the Cato Institute:

Joel Slemrod has the story all wrong. The Internet is not the ethanol of the new economy. It is the jet fuel. It is propelling America into an era of rapid—really unprecedented—growth. It is creating widespread prosperity. We must nurture this infant industry—leave it unfettered from meddling government regulators and taxers. If we do, the potential growth of our “e-economy” is almost limitless.

The government should also keep its paws off because in a world of e-commerce transactions, the need for government is vastly diminished. When two parties transact in cyberspace, they do so in total privacy, independent of government. Unlike a

See **ROUND TABLE**, B2, Col. 1

Thirteen states levy a tax on Internet access itself.

A tax on gross receipts from the sale or lease of tangible personal property as well as certain services, imposed on consumers and collected by sellers. In some states, it's imposed directly on sellers. By 1938, 26 states and Hawaii had imposed the tax, which was thought to be the savior of state government finances during the Great Depression.

ILLUSTRATION BY PETER HOEY
FOR THE WASHINGTON POST



**Q&A WITH
HEZBOLLAH'S
NASRALLAH** Page 5

KAT... Rogue States

to the U.S. diplomatic
and that's the problem Page 3

IS THIS THE END? The Same Rules Don't

ROUND TABLE, From B1

transaction at a retail store, where I pay sales tax as a quasi-user fee for the related government services I receive, the e-commerce transaction does not require police protection, fire service, garbage collection and so on. If I have to pay for government services I don't get, where's the tax fairness in that?

The Internet has been the greatest cash bonanza for state and local governments of any invention in history. States and localities have doubled tax collections in 10 years. The governors and state legislators should be worshipping at the shrine of the Internet, not seeking to tax it.

ELLEN ULLMAN, a consultant to start-up companies and author of "Close to the Machine: Technophilia and Its Discontents":

It's hard to defend the sales tax per se—it is, after all, a regressive tax, and it may be time to investigate other ways for municipalities to raise revenues. But I don't think it's the nature of the tax that bothers people who are arguing against taxing Internet sales. I believe their objection is to *any* tax. The motive behind the anti-Internet tax movement is libertarian and anti-government: They want to shrink government by denying it sources of revenue. Their hope is to take this new and enormously growing sector and declare it a tax-free zone perpetually, and then have it serve as a model for repealing taxes in older commercial sectors.

Employees of Net businesses turn on the lights, drink water, walk on the sidewalks, ride on the roads and take buses as much as any other workers. Their supposedly ethereal nature is a myth: Net companies rely on local municipal services. Why shouldn't they pay for them like everyone else?

A Net business is no different from a mail-order company. In mail order, the "cumbersome" difficulties of tax administration under the current regime have turned out to be rather simple to solve. Computers are very good at looking up rates in tables and calculating things like percentages. A ridiculously straightforward program could perform all the necessary administrative tasks of an Internet tax. The issue is political will, not technical difficulty.

CHARLES E. McLURE JR., a senior fellow at the Hoover Institution at Stanford University and deputy assistant secretary of the Treasury for tax analysis from 1983 to 1985:

If we were starting from scratch, knowing what we know now, it would probably be better to use the individual income tax, rather than the sales tax, to finance local government and perhaps state government. But we are not starting from scratch, and scrapping the sales tax in favor of income taxation would cause wrenching adjustments. So I think we should concentrate on trying to fix the sales tax.

The typical state sales tax has four serious faults. It applies to every purchase

made by businesses; it does not apply uniformly to tangible products and to intangible products and services; it is incredibly complicated; and, as a result, the Supreme Court has ruled that a remote vendor cannot be required to collect tax in a state unless it has a physical presence there.

The solution is obvious, if politically difficult: Eliminate tax on all sales to business (such sales account for an estimated 40 percent of sales tax revenues on average); tax essentially all sales to households (or have the same exemptions in all states), simplify the system, and require collection of tax on sales by remote vendors.

Arguments for exempting electronic commerce are not convincing. The "infant industry" arguments for artificially encouraging the growth of electronic commerce are something only a central planner could love. As Ronald Reagan said in 1981, "The taxing power of government must be used to provide revenues for legitimate government purposes . . . not to regulate the economy or bring about social change."

RICHARD AULT, an associate professor of economics at Auburn University:

About 30 years ago, UPS broke the postal monopoly on package delivery. Catalog sales boomed. Now it appears that Internet sales will be like catalog sales on steroids. This will be great for consumers (particularly in remote areas and in high-tax states) and great for ambitious merchants looking to expand their market. It will not be great for local tax collectors. Will the Internet bring an end to the sales tax? I am certain of this: It will greatly reduce sales taxes' importance as a source of revenue.

EDWARD MALLIN, the CEO of NetCentric in Bedford, Mass., an Internet fax provider to ISPs:

The Internet is a major force behind

the continued U.S. economic expansion. The beauty of this expansion is that it is being driven by the rise of new companies that rapidly increase employment and create new markets for goods and services.

There is no doubt that the tax issues are enormously complex. One could argue that all of the tax jurisdictions could cooperate across the country, but it would never happen at the required "Internet speed." An Internet sales tax would create tax avoidance and force the e-commerce companies to move to non-taxing states and, ultimately, offshore.

The real bonanza for both federal and state government is the income tax on the employees and companies that make up the Internet. The states should focus on incentives to bring such employees and companies into their tax base and to keep them there.

ELLEN ULLMAN:

Is Edward Mallen really sure that the Internet is "a major force behind the continued U.S. economic expansion"? I would like to see some numbers. I suspect that low interest rates are the real engine of growth right now, and, in terms of revenues, the Internet must pale beside the effect of all those SUVs being sold, all those new office buildings going up and the boom in housing construction.

Like Charles McLure, I don't believe the Internet should be protected. The purpose of local taxation is to pay for local services, not engineer the growth of one sector over another. (How nice that we can quote Ronald Reagan to that effect.) The allure of e-commerce is wide choice and convenience; if Net business can't attract customers on those bases, why would we want to foster their growth?

Stephen Moore's positions simply support my assertion that the driving motive behind the anti-Net-tax argument is an overall mistrust of government. To call the revenues that support local services a cash cow is to denigrate the role of infra-



BY PETER HOEY FOR THE WASHINGTON POST

In 1970, states got 32 percent of their total tax revenues from sales taxes; by 1996, it was 49 percent. Today, it's estimated to be about 54 percent.

The 1992 Supreme Court decision, *Quill v. North Dakota*, reaffirmed that mail-order companies cannot be required to collect state sales taxes. The ruling created a very tough standard for "in-state" sales.

Footnote sources: "Sales Taxation, State and Local Structure and Administration," by John F. Due and John L. Mikesell; *State Tax Notes* magazine; "The Virtual Taxman Cometh," by Lysbeth B. Chuck; "Prop 13 Meets the Internet: How State and Local Government Finances Are Becoming ROA," U.S. Chamber of Commerce; "Sales and Use Tax and E-Commerce," by David Handesly; *E-Commerce Tax Notes*.



BY PETER HOEY FOR THE WASHINGTON POST

structure as the basis of all economic activity. I have lived in countries with strained or nonexistent municipal services, and I doubt Mr. Moore would start a business in any of them. It's no accident that today's start-up companies are congregated in cities and towns with good local services—freeways to zip around on, airports to fly in and out of, and so on.

EDWARD MALLEN:

In 1995, \$6 billion in venture money was invested in the United States, and last year the amount was \$35 billion, according to an article in Friday's Boston Globe. The number is expected to rise dramatically in 2000. Where is the money being invested? Ninety percent is being invested in technology-related companies (most of them Internet-related or desperately trying to be). There is no need to place speed bumps on the road to growth that an Internet tax represents. In fact, we ought to think about rolling back all sales taxes to stimulate non-technology sectors of the economy. Sales tax is a double taxation directed at the consumer on earned income that is already taxed.

JOEL SLEMMER:

I agree that the Internet has helped fuel the current boom. It is such a wonder that it doesn't need special tax breaks. If the real secret of the Internet's success is that it facilitates sales tax avoidance, then don't bet your 401(k) plan on the new economy. It will do just fine, thank you, paying the same taxes as other businesses. After all, any business could use the extra flow of capital from not paying the taxes that its competitors pay.

Stephen Moore's not-so-hidden agenda is to radically downsize federal, state and local governments by starving them of revenue, and he's on to a sure-fire way to do it—identify booming sectors of the economy, and relieve them of any tax burden.

RICHARD AULT:

There is no reason to exempt Internet sales from taxation. I do think, however, that someone had better give careful thought to problems associated with differential taxes on Internet sales across the states. States will be forced by competition with other states to lower rates on Internet sales. I would guess that in the absence of a uniform federal sales tax, the revenues obtainable from taxing such sales will prove to be minimal.

CHARLES McLURE:

The tax debate is characterized by fuzzy thinking and invalid arguments. One is that remote vendors should not be required to collect use tax because they do not consume services provided by state and local governments where they lack a physical presence. But it is not the consumption of public services by the vendor that justifies the collection of tax; it is the consumption of services by the local customer. There is no reason that tax should not apply to a household's purchases, just because they are made from a remote vendor.

A key incentive in the Internet tax plan proposed by the National Governors' Association is a "zero-burden" system: The responsibility to collect taxes on remote sales would be transferred to a third party. This would be done via specially designed software that calculates, collects and remits taxes directly to the states. It could be used by both Internet and brick-and-mortar vendors. Critics of this NGA plan say remote vendors would not voluntarily participate, and predict that the states or Congress would have to compel vendors through legislation.

A tax imposed directly on the consumer by the state in which the purchased property or service is used. It is applied where a sale is not subject to sales tax, because the seller is located outside the state in which the sale is made. The seller is required to collect this tax if the seller has some physical presence in the state in which the property is used.

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THE PRESIDENT OF SEEN

2-28-00

Ricchetti

any ideas about
how we could
help them

Bz

~~Handwritten scribbles~~

✓
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Ricchetti
Podesta



December 6, 1999

The Honorable William Jefferson Clinton
President of the United States of America
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20005

Dear Mr. President:

We are proud of your participation in and active support of the game of golf. As you may know, the United States Golf Association Foundation offers financial support to programs and projects that foster the notion that golf is a game for everyone. In 1997, we announced our "For the Good of the Game" initiative, a ten year fifty million dollar commitment to making the game more affordable and accessible. In the past 3 years, we have made 388 grants totaling \$12,600,000.

Eight such grants have been to programs for economically disadvantaged inner city youth in the greater Washington, D.C. area, reaching more than 700 kids. Inherent with every grant we award is the expectation that, with the USGA's support, programs will become financially secure. Many of these programs will need more than our support in order to continue to grow. Consequently, we are planning a local fundraiser so area businesses and individuals may join us in our mission.

Thomas Hart of Camp Hart, one of our grantees, has suggested that we enlist your participation in this effort, possibly by holding a reception at the White House. An appropriate time would be during the month of April in the year 2000.

Golf has increasingly become a game, which transcends race, economic status, gender and physical prowess. We look forward to hearing from you or someone from your staff concerning the possibility of your participation.

Sincerely,

Fred Hiatt

Pretending Chechnya Is Different

In the nearly deserted rubble of Grozny, a grizzled older man brandishes a slingshot and fires a stone at a nearby denuded tree. He is hunting for dinner but, he says matter of factly, "Most of the sparrows and pigeons have gone." His pellet bounces ineffectually off a branch.

The man appears in a documentary film about the war in Chechnya called "Dark Side of the World." The stark scenes of civilian suffering in the film undercut President Clinton's blithe explanations of America's relative disinterest in the war, in contrast to its intervention to save the people of Kosovo last year.

"I don't think the situations are parallel," Clinton said during an interview with CNN.com last week. In Kosovo, he explained, Serbian leader Slobodan Milosevic "basically ran the whole country out based on their ethnic origin." In Chechnya, anti-Russian paramilitary forces "bear their share of responsibility. . . . I think some of them actually wanted the Chechen civilians attacked."

We could all feel more comfortable if Clinton were correct—if the moral question were far muddier in Chechnya than Kosovo. Unfortunately, the facts do not support this view. Jaromir Stetina, one of two Czech journalists who made "Dark Side of the World," also covered Kosovo. "If I can compare with Kosovo, the assault on human rights in Chechnya is much more massive," he says.

Both Serbia and Russia claimed to be defending their national integrity. The United States recognized Serbia's claim to Kosovo, just as it accepts that Chechnya is part of Russia.

In both cases, guerrillas fighting for independence committed terrorist acts. The Kosovo Liberation Army, like the most extreme Chechen fighters, sought to provoke conflict, and the Clinton administration for a long time acknowledged Serbia's right to go after the KLA.

The United States called for intervention in Kosovo, in fact, only after Serbia began attacking Kosovar civilians as well as the KLA—after its attacks became, in Clinton's judgment, inexcusably indiscriminate. Once NATO struck, Serbia accelerated its campaign against the Kosovo people. By the time NATO forced Milosevic's retreat, he had systematically forced more than 1 million of Kosovo's 1.8 million residents from their homes and had killed thousands of them.

The Russians have not gone from village

*Steady
How would you
answer this? PG*

THE PRESIDENT HAS SEEN
Timothy Lynch 2-28-00

All Locked Up

America's criminal justice system is going to make history this month as the number of incarcerated people surpasses 2 million for the first time. But this is a development for which neither political party will attempt to claim credit. Indeed, people across the political spectrum seem to recognize that this is a sad occasion—an occasion that raises a nagging question: Why do so many Americans need to be kept behind iron bars?

To appreciate why this is such an extraordinary moment, one needs to put the 2-million-prisoner factoid into context. It took more than 200 years for America to hold 1 million prisoners all at once. And yet we have managed to incarcerate the second million in only the past 10 years. Analysts at the Justice Policy Institute point out that our per capita incarceration rate is now second only to Russia's. This is hardly something that anyone would tout as an achievement.

Throughout the 1990s, billions of dollars were spent on prison construction. But the supply of space did not stay ahead of demand. As soon as

were immediately fact, most prison far beyond their design capacity. The massive expansion on prison construction has created bizarre dynamics. People wished to live in small towns and times tenaciously built in their back are unsuccessful go to push for more and then vie again for site.

In California, the Correctional Peace Officers Union has grown so large that it is now a political force. With more than 27,000 dues-paying prison guards, the union gives political contributions to the candidates who promise to build more pris-

ons, hire more salaries and bene that contract with assorted supplies since they are we population grows higher. Some analitical racket the plex."

Proponents of brush off these side when our incarceration rate is high crime rates in rec tough, no-nonsense. They say we have prisons or more cr

On closer inspection, the first thing mean by "crime." Herbert Packer on much or as little pending on what

*copied
Berger
Podesta*



George F. Will

Greenspan Tweaks

The president, the Senate and everyone with a greenback in his wallet has concluded that Alan Greenspan is as cute as a little red wagon and deserves a fourth four-year term as head of the Federal Reserve Board. The apotheosis of this central banker, in the record-setting 107th month of

from all the soaring popu tinis) is that consumers a tired about health, self-values.

Also, baby boomers

and sneaked villages and cities from afar. The effect has been much the same.

Ten years ago, Chechnya's population approached 1 million. After Russia's first war against the province in 1994-96—which Clinton also defended, casting Boris Yeltsin in the role of Lincoln preserving the Union—the population is believed to have fallen to about 700,000, a loss that reflects both deaths and emigration due to destroyed factories and increased crime.

Last week, the Food and Agriculture Organization of the United Nations estimated that some 350,000 of those remaining people have been forced to flee Russia's onslaught in the second war. Those refugees now have "inadequate shelter, food, clothing and medical care," the FAO said.

Many tens of thousands more are presumed homeless inside Chechnya. Thousands are dead, according to Oleg Orlov, chairman of the Russian human rights group Memorial. The capital of Grozny, once home to hundreds of thousands, is essentially a tomb, sealed off by Russian soldiers.

"There is clear evidence the Russian military has systematically gunned every building and made it virtually uninhabitable," the Voice of America's Peter Heinlein reported from Grozny on Thursday. "It's going to be years before city services of any magnitude [are] restored here. Every tree is scorched. We didn't see a street where the destruction wasn't virtually complete. Some buildings are standing, of course, but it looked as if every floor of every building had been hit."

Beyond Grozny, no one knows the full extent of death and displacement. Russia has allowed neither foreign correspondents nor humanitarian workers to survey the damage. Stetina sneaked in and out in December with Chechen fighters. Andrei Babitsky, a Russian radio correspondent, managed to report from the scene, but Russia arrested him in mid-January and his whereabouts now are unknown. Although Babitsky worked for Radio Free Europe/Radio Liberty, Clinton did not see fit to mention his disappearance in his Monday discussions of Chechnya.

Unlike in Kosovo, there have been no reports of Russians massacring Chechen prisoners. But Human Rights Watch has begun to collect credible accounts of torture and rape of Chechen prisoners. Sergei Kovalev, a longtime Soviet dissident who continues to work for human rights in Russia, said last week that what is going on in Chechnya is "close to genocide."

So Chechnya and Kosovo aren't all that different. That does not mean NATO should have intervened. Russia and Serbia are different; great powers get away with things; it's a fact of international life.

Clinton could have said as much, and thereby protected at least part of the doctrine of humanitarian intervention he proclaimed after Kosovo. Instead, he pretends that what is happening in Chechnya is not happening. That not only betrays the victims; it also bolsters those who claimed all along that NATO's intervention in Kosovo was a matter of convenience, not conviction.

to social betterment. Recently the Fed has several times raised interest rates. Should it have? Irwin Stelzer, a consultant and fellow of the Hudson Institute, cheerfully says: "If we could know such things, the Soviet Union would still be with us, because economies could be 'managed.'"

Chastened government no longer believes it can fine-tune the economy with "countercyclical" taxing and spending. Interest rates are government's only tools for managing. Stelzer says that when government decides to raise rates—always on the basis of imperfect information, and today in a swiftly changing economic context—it is deciding to err.

The question is, to err in which direction? To raise rates too much too soon? Or too little too late? Today the prudent answer is the former, given 5.8 percent growth in the last quarter. Such growth is hard to dampen, particularly with consumers on a binge. National Journal reports (from business consultant Faith Popcorn) that beef consumption has hit a record 64 pounds per person per year, the number of weight-loss centers has fallen 46 percent in the past five years, and Eating Well magazine folded last year. A truth that Popcorn tickles from these facts (and

David Ignatius

... With an Imprecise Tool

Last week Alan Greenspan spoke, and the markets shuddered. On Thursday, the Fed chairman told Congress he thinks the economy is growing too fast. The next day, the stock market went in the tank—with the Dow losing 295 points and the Nasdaq dropping 137 points, their seventh-largest point declines ever.

But what exactly is Greenspan saying? How does he look at the financial markets today, and what does he hope to accomplish? That's a hard question to answer, since Greenspan famously speaks only in mumbles. But piecing together some of his speeches and congressional testimony, you begin to get a sense of his strategy.

First, Greenspan clearly believes the economy can't sustain last year's 4.2 percent growth rate, and he is determined to put on the brakes. He told the House Banking Committee that it "seems more pressing today than it did earlier" to slow the economy. John M. Berry, the leading Fed-watcher in the press corps, put out a quick analysis on washingtonpost.com that afternoon explaining that Greenspan had "signaled... that the central bank is likely to raise short-term interest rates in coming months, perhaps several times." The market tumbled, a little that afternoon, a lot more Friday.

A second obvious but important point is that interest rates are Greenspan's only real weapon to deal with the inflation threat he sees. This is a powerful but crude tool—the equivalent of trying to shoot a deer with a cannon. You'll stop the deer, all right, but you'll take down a lot else in the process. Greenspan used this rough tool masterfully during the 1990s, firing at just the right times. He was so effective, he made people think he was using laser-guided bombs.

But he wasn't, and that leads to the third point: Greenspan can't try to shoot down some

consumer spending drives the economy, and consumer confidence is at a record high. Consumers, like children generally, are not interested in deferral of gratification, so there is ample fuel in the economy's tank.

Still, some analysts, virtuosos of pessimism, say the economy is in a "stealth bear market," a stock market whose continued rise has been driven by a relatively few extremely hot stocks. Last year more than half the stocks on the Standard & Poor's index of 500 stocks declined. Economic columnist Robert Samuelson reports that in 1999 there was twice as much investment in initial public offerings (IPOs) as in 1998. Half was for Internet start-ups, and almost three-quarters of those were unprofitable or nearly so.

Stelzer says this is an aspect of an enormous transfer of wealth between sectors of the economy, from traditional companies (e.g., Coca-Cola, Procter & Gamble) to the "new economy" technology companies. One phenomenon behind this transfer is indicated by this fact, from National Journal's John Maggs: In 1999 brokers began advertising on telecasts of professional wrestling.

The stock market has been democratized. A majority of American families now own some

sectors but not others. That imprecision disappoints some financial analysts and CEOs. They wish the Fed chairman could find a way to deflate the New Economy bubble without puncturing the tires of Old Economy companies that are already in the slow lane. The Dow, for example, has already suffered a 12 percent "correction" this year, even as the Internet binge continues.

But the fact is, Greenspan's crude therapy can't cure this imbalance. And it's doubtful the Fed chairman would want to rescue the Old Economy from its doldrums, even if he could.

That's the crucial fourth point. It's clear from the Fed chairman's public comments that he's a New Economy enthusiast—and that he sees the current plight of traditional companies as part of a painful but necessary transition.

In Greenspan's view, capital is now shifting from older technologies to cutting-edge ones. Many of the individual investments people are making in their enthusiasm for Internet technology may turn out to be bad ones, but it's impossible to know in advance which are the duds. Similarly, we may be in the late stages of an Internet bubble, but we won't know that until it actually bursts.

Greenspan's enthusiasm for the New Economy should be a bracing stimulus to Old Economy CEOs to transform their companies. They need to break out of their funk and get moving.

Talking to people who run some of these non-technology companies, you hear a concern bordering on despair. They argue that the Internet bubble is beginning to cause severe distortions—as it sucks capital away from companies that make real products and have real cash flow and spews it toward dot.com fantasy companies. In this anti-value market, they complain, you

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JAMES K. MATHEWS

-- a Senior Bishop of The United Methodist Church
4120 - 48th St., NW
Washington, D.C. 20016
Tel: 202-686-0089; FAX: 202-686-6071

1938; has made 55 trips to India/Pakistan; visits India annually.

ary there. Administered India, Pakistan, Burma, Nepal for Methodists
India/Pakistan -- 10 years

Army in undivided India (C-B-I Theatre).

Volunteered; given direct commission by General Raymond Wheeler; rose to rank of Major.

Lived in Karachi (before Partition) for three years.

Knew Mahatma Gandhi; -- still keeps up with the family to the fifth generation.

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Has known or met nearly all U.S. Ambassadors to India, including current Ambassador Richard Celeste and his predecessor, Ambassador Frank Wisner.

The Mathews are intimate friends of President and Mrs. K.R. Narayanan.

Bishop Mathews has written a book on Mahatma Gandhi, The Matchless Weapon - Satyagraha -- won the Gandhi Peace Prize, 1992, awarded by then Vice-President Narayanan.

He was one of twenty U.S. veterans invited to make 50th Anniversary flight to C-B-I Theatre -- across the "HUMP" (1995).

Introduced President Clinton at final celebration of 50th Anniversary of World War II in Honolulu.

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First went to India in March 1938; has made 55 trips to India/Pakistan; visits India annually.
Four years a Methodist missionary there. Administered India, Pakistan, Burma, Nepal for Methodists -- 14 years. Total residence in India/Pakistan -- 10 years
Served for four years in U.S. Army in undivided India (C-B-I Theatre).
Volunteered; given direct commission by General Raymond Wheeler; rose to rank of Major.
Lived in Karachi (before Partition) for three years.
Knew Mahatma Gandhi; -- still keeps up with the family to the fifth generation.
Knew Jawaharlal Nehru, Indira Gandhi, Rajiv Gandhi and has met or seen many of pioneer Nationalist leaders.
Met Muhammad Ali Jinnah and his sister, Fatima.
Knew Sheikh Abdullah, "The Lion of Kashmir" and knows his son, Dr. Farooq Abdullah, current Kashmiri leader.
Married in India (1940) to Eunice Jones, daughter of Dr. and Mrs. E. Stanley Jones, Methodist missionaries. Stanley Jones was renowned American missionary, close friend of Gandhi and other national leaders. Probably best-known American in India in his day. Wrote many books on India, including best-sellers.
Bishop and Mrs. Mathews have travelled in every part of India; can converse in three languages; but too "rusty" for interpreting.
Bishop Mathews has written and lectured widely on India; has his Ph.D. from Columbia University in History of Religions, especially Hinduism.
Has known or met nearly all U.S. Ambassadors to India, including current Ambassador Richard Celeste and his predecessor, Ambassador Frank Wisner.
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same-sex blessings have taken place for nine years.

For conservatives, such statements deny fundamental principles.

"The truth of the created order is at stake. The notion of God as an unchanging God who reveals an unchanging order that we can rely upon is at stake," said the Rev. Jeffrey S. Siker, a Presbyterian and author of "The Church and Homosexuality," a book widely regarded as an evenhanded treatment of the issue.

But theology and sociology would not be nearly so engaged or so explosive were it not for the fact that what is being talked about is sex. After all, many of the same Christian denominations that now preach perdition for unrepentant homosexuals have long since jettisoned biblical pronouncements condoning slavery and male dominance and virtually forbidding divorce.

"For many people sexuality is an irrational force and therefore threatening. It doesn't submit to logic the way other dimensions of our personality do, and therefore has to be strictly bound," said the Most Rev. Frank T. Griswold, presiding bishop of the Episcopal Church.

The great debate within churches and synagogues hinges on how the Scriptures are read. For those on both sides of this theological divide, worldviews can hang in the balance.

The biblical passages include sections of the Hebrew Bible as well as the Christian New Testament. For example, the Hebrew book of Leviticus declares: "You shall not lie with a male as with a woman; it is an abomination."

In the New Testament book of Romans, the Apostle Paul describes people who are subject to "degrading passions," saying that "their women exchanged natural intercourse for unnatural, and in the same way also the men, giving up natural intercourse with women, were consumed with passion for one another. Men committed shameless acts with men and received in their own persons the due penalty for their error."

From the traditionalist Christian perspective, if Jesus Christ is "the same yesterday, today and forever," how can moral teachings change? If biblical teachings are subject to change, what would that say about the reliability of Holy Scripture? And where does that leave God?

"Once the church would acknowledge that there's validity in the homosexual lifestyle ... where would you stop?" said James V. Heidinger II, president and publisher of Good News, a periodical aimed at United Methodist evangelicals and traditionalists.

Biblical literalists say they are not selectively reading the Bible when they accept divorce but reject homosexuality.

"The Bible allows for divorce under two conditions: abandonment and adultery," said Scott Rae, professor of ethics at the Talbot School of Theology at Biola University in La Mirada, south of Los Angeles, a fundamentalist institution. "You can be faithful to Scripture and still have some latitude on divorce. It's different for homosexuality. As I read the Bible teachings this is pretty clear: The Bible condemns as immoral all homosexual relations."

Liberals insist that biblical values of love and justice, not to mention God-given reason and experience, must be taken into account in reading the text.

"If you take it literally, if a person is a homosexual we're to put that person to death! Who are we kidding?" said Rabbi Lawrence Goldmark, a Reform rabbi and immediate past president of the Southern California Board of Rabbis.

In any case, liberal scholars argue that Paul was not referring to homosexuality as it is understood today a sexual orientation as capable of authentic love as heterosexuality but of willful and idolatrous passions in which self-absorption and self-deception replace the truth of God.

With the stakes so high, it's no wonder churches and, to a lesser extent, synagogues, continue to wrestle with homosexuality or that the feuds have become increasingly public.

Conservative Anglican archbishops in Singapore late last month ordained as bishops two American Episcopal priests who oppose their church's liberal views on homosexuality. Those on both sides say the ordinations are evidence of deep divisions within the Episcopal Church. In June, traditionalist Presbyterians will propose at the denomination's annual meeting that liberal congregations in the 2.58 million-member denomination pack up and leave. It is unlikely that such resolutions will be approved, but the

tensions are palpable.

Evangelicals in the United Methodist Church are talking about creating a separate jurisdiction in the Western states because Methodist officials in the West have taken a liberal stance on gay-related issues. Earlier this month, charges were dropped by the church's California-Nevada Conference against 68 Methodist clergy who defied church law by officiating at a lesbian couple's "holy union." Both Southern and American Baptists have expelled local congregations from their conventions because they blessed same-sex unions.

The Rabbinic organization of Reform Judaism is struggling with whether to issue a statement endorsing the blessing of same-sex unions. Opponents of the move say it would jeopardize liberal Judaism's grudging acceptance in Israel and worsen relations with Orthodox Jews in the United States.

The Vatican, meanwhile, has forbidden a priest and nun in the United States from ever again taking up their ministries to homosexuals because, officials say, the two soft-pedaled church teachings. The Catholic Church considers homosexual acts to be "disordered" and "intrinsically evil," but does not consider homosexuality itself to be sinful.

Amid the battles, there has been some progress in opening communication between the antagonists. Many liberals, including the founder of the predominantly gay and lesbian Metropolitan Community Churches, say that they believe many traditionalists are sincere in their views on the Bible and sexual morality.

"I really do believe there are (traditionalists) who are not (simply) homophobic," said the Rev. Elder Troy Perry.

And some traditionalist Christians, such as the Rev. Bob Ferguson at Jackie Harry's church in San Jacinto, say the sin of homosexuality may be no greater than any other sin. Everyone, the Bible says, falls short of God's glory.

But Ferguson and others insist that although a loving God will forgive wrongdoing, homosexuals, like everyone else, must repent of their sin and change their ways through prayer and repentance.

Even as many on both sides say the church must often confront popular culture, it more often mirrors the civilization in which it exists. As long as America remains divided over homosexuality, so, too, will its churches, they say.

"Historically, the church has always followed the culture, not the other way around," said the Rev. Linda Culbertson of the Presbytery of the Pacific in Los Angeles. "That's how major issues like slavery have resolved themselves. I'm not sure you're going to find the church being a leader in this either."

Global Warming Occurring Faster Than Expected, Study Says By Usha Lee McFarling Los Angeles Times

A new analysis by government scientists indicates Earth's climate is warming at an unprecedented rate, suggesting that the future impact of global warming may be more severe and sudden than predicted.

Such a steep warming rate was not expected to occur until well into the 21st century, said Tom Karl, the National Oceanic and Atmospheric Administration climatologist who led the study. Such a trend would likely mean a continuation of the recent three-year string of steamy summers and mild winters seen by much of the nation, and eventually perhaps increased flooding of low-lying areas.

"The next few years are going to be very interesting," Karl said. "It could be the beginning of a new increase in temperatures."

Historical and geological records show Earth warms and cools in fits and starts, not at a constant rate. During the 1900s, most warming occurred between 1910 and 1940 and then after 1970. On average, though, warming throughout the century occurred at a rate of just over 1 degree per century.

In contrast, warming since 1976 occurred at a rate of nearly four degrees per century. The increase in warming, Karl said, could be evidence for a "change point" a period when Earth's climate begins warming at a faster rate.

The analysis, which will be published in the March 1 issue of the journal Geophysical Research Letters, is already generating much interest, and some disagreement, among

climatologists.

The current debate is not over whether the climate is warming. Most scientists now agree that Earth has warmed significantly since the 1880s, when temperatures were first routinely recorded.

Earlier this year, a blue-ribbon panel of climate experts commissioned by the National Academy of Sciences quashed most lingering doubts by calling global warming over the past 100 years "undoubtedly real."

Questions now center over how quickly Earth is warming, what the effects of that warming may be and whether the warming is caused largely by human or natural causes. The answers are crucial, scientists said, for developing effective environmental policies.

The global warming issue began receiving renewed attention in 1997, which was the hottest year on record until 1998.

"In 1998, each month we were breaking the previous year's all-time global high temperature record," Karl said. The intense two-year string of warm months prompted Karl and colleagues Richard Knight and Bruce Baker to analyze Earth's warming rate.

The hot spell continued into 1999, which was the fifth-warmest year on record despite the occurrence of a cooling La Nina event.

Karl cautioned he could not be certain that the extremely warm years of 1997, 1998 and 1999 were evidence of an increased warming trend. But a statistical analysis suggests that there is only a 5 percent or 1 in 20 chance that such temperatures would not be part of a warming trend, he said.

A number of other climatologists agree that the extreme warming of the late '90s is an ominous sign.

"That rate is not only unprecedented in the instrumental records (since 1880) but unprecedented in the last 1,000 years at least," said Jonathan T. Overpeck, director of the University of Arizona's Institute for the Study of Planet Earth and an expert in paleoclimatic records. "There is no known precedent of natural forces that could have given rise to the temperatures of the last decade."

Moreover, an analysis published last week in the journal *Nature* by Henry N. Pollack, a University of Michigan geologist, showed that the 20th century was the warmest of the past five centuries.

"Certainly the rate of warming over the last two decades has been remarkable," he said. "The question is whether it's a short-term trend or a longer trend."

The issue is complex because climate is affected by a mix of natural events, such as volcanic blasts, solar energy fluctuations and changes in ocean circulation, and also by human activity, such as the emission of greenhouse gases into the atmosphere. Earth also has a number of large-scale natural climate cycles, like those that caused glaciers to form and retreat long before humans evolved.

Tom Wigley, a senior scientist at the National Center for Atmospheric Research in Boulder, Colo., said he found the new analysis interesting but questioned whether recent warm years should be attributed to a large shift in human-induced global warming. The period between May 1997 and August 1998, he noted, included El Nino events known to cause warming.

"Yes, those months were unusual, but they weren't unusual due to human influences," he said.

But Karl disagreed, saying that temperatures were far higher than could be explained by an El Nino event. And 1999, he said, was the fifth-hottest year on record, despite being a cool La Nina year.

Effects of global warming from a longer growing season in Alaska to thinning of Arctic sea ice and the flooding of some low-lying islands have already occurred, Michigan's Pollack said.

"Even if we don't understand the details of what's causing it," he said, "we still have to deal with the consequences."

Closing Arguments Made in Trial of N.Y. Policemen
By John J. Goldman
Los Angeles Times

ALBANY, N.Y. The four white police officers accused of murdering an unarmed black man in a torrent of bullets prejudged him from the moment they spotted him and didn't follow training procedures, the chief prosecutor charged during closing arguments

Tuesday.

Assistant District Attorney Eric Warner told the jury that three of the 19 bullets that struck Amadou Diallo did so while he was already on the floor of the vestibule of his Bronx building. The officers fired 41 shots when they confronted the 22-year-old street vendor on Feb. 4, 1999.

Lawyers for the defendants, however, argued that the officers' actions were proper. They said that the policemen opened fire after mistaking Diallo's wallet for a gun, and characterized what happened as a tragedy, not a crime.

"Justification is like a knife going through the middle of the indictment," attorney John Patten said. "It slices it in half. If you find justification, it's over."

Officers Kenneth Boss, 28; Richard Murphy, 27; Sean Carroll, 37; and Edward McMellon, 27, have pleaded not guilty to charges of intentional murder, depraved indifference and reckless endangerment. The jury, which is expected to begin deliberations Wednesday, also will consider lesser charges of manslaughter and criminally negligent homicide.

If convicted of murder, the officers could face 25 years to life in prison.

In trying to make his case, Warner said Diallo did not match the description of the serial rapist that the officers' members of an elite street crime unit were seeking.

The prosecutor said that from the moment the four officers spotted Diallo on the front stoop of what they later learned was his home, they wrongly characterized him.

"With the intent that they had, that man was doomed the minute they saw him," Warner charged.

The assistant district attorney said the officers didn't stop to think that Diallo could be "frightened to death" of them.

"They want to write this off as a split-second encounter. They had plenty of time," Warner told the 12-member jury, which includes four black women.

"He (Diallo) didn't do anything wrong that night, and they didn't do anything right."

During his closing arguments, defense attorney Patten stood beneath a huge crystal chandelier and clapped his hands together to mimic the sound of shots as he addressed the jurors. The number of his claps was far fewer than 41.

"This case really comes down to the credibility of these four officers," said Patten, Carroll's lawyer. "Did the officers truly believe Mr. Diallo was going to use deadly physical force on them?" Patten quickly answered yes.

Defense lawyers said Diallo was acting strangely, peering out the front door and then disappearing into the vestibule of the building. The lighting was poor. He appeared to be reaching for a gun.

"He went through every body motion, every nonverbal cue he had a gun," Patten said, holding up a .25-caliber automatic pistol and Diallo's wallet, to show similarities when the top part of the wallet is exposed.

"It was a legitimate, honest mistake," the lawyer said.

Lawyers for the other officers stressed that their clients had an obligation to stop their unmarked patrol car when they perceived Diallo to be acting suspiciously. The defense attorneys said that when the West African immigrant appeared to be reaching for a gun, the officers had just a split second to make a life-and-death decision.

Outside the gray stone courthouse, the Rev. Al Sharpton who is acting as an adviser to Diallo's family asked for calm in New York City once a verdict is reached.

Standing in a space cleared between piles of snow, Sharpton said that an attempt would be made, if the defendants were acquitted, to convince federal prosecutors that a case could be brought for violating Diallo's civil rights.

Russians Accused of Killing at Least 62 in Grozny Suburb
By Robyn Dixon
Los Angeles Times

MOSCOW Dozens of civilians were shot to death when Russian soldiers rampaged through a suburb of Chechnya's capital earlier this month, human rights observers said Tuesday, calling it the worst massacre of the war in the separatist republic.

The New York-based group Human Rights Watch said it has evidence of 62 killings in Aldy, in western Grozny, after

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U.S. discusses way to reward Iran

By Barbara Slavin
USA TODAY

WASHINGTON — The Clinton administration is weighing how to show its pleasure at the resounding defeat in Iran's parliamentary elections of candidates who demonized the United States.

State Department spokesman James Rubin called the preliminary results, which gave reformers more than 70% of decided seats, "historic" and a triumph for those advocating "openness and engagement with the rest of the world."

Other U.S. officials said Monday that the administration, no longer concerned about harming Iranian reformers by embracing them, was considering several gestures:

- ▶ A new conciliatory message by President Clinton on the occasion of the Persian New Year in March.

- ▶ Granting media requests for a high-level U.S. interview — akin to Iranian President Mohammad Khatami's CNN interview in 1997.

- ▶ Further easing a 1995 trade embargo. Though Iran's oil industry remains off-limits because of U.S. concern about Tehran's support for Lebanese guerrillas and efforts to develop nuclear weapons, Iran might be permitted to resume exports of traditional products, such as carpets and pistachio nuts.

"People here are aware that the Iranian moderates need something to work with" to make it easier for them to begin official talks with the United States, said a U.S. official speaking on background.

Analysts say a restoration of ties, broken after Iran seized U.S. hostages in 1979, is a relatively low priority for the new parliament. Lawmakers will focus on domestic political and economic reform. But as "part of a grand strategy for getting the economy going," Iran would like to improve the climate for foreign investment, says Bernard Lynch, a former Australian diplomat in Iran.

Accepting U.S. overtures is on "nobody's priority list unless the United States does something that catches our attention," says Hedi Semati, a political scientist at Tehran University. Iran would most like to see the United States stop blocking the movement of Caspian Sea oil through Iran. U.S. analysts believe that is unlikely. The Clinton administration has pushed hard to exclude Iran from an expected Caspian bonanza and to build a new oil pipeline to the West through a U.S. NATO ally: Turkey.

Still, some U.S. officials concede they underestimated the potential for change in a country that, despite the primacy of a "supreme religious leader," now ranks as the most democratic in the region next to Israel.

"This election is not only an endorsement of reformers, but a wholesale rejection of the ruling establishment," says Shaul Bakhash, a history professor at Virginia's George Mason University.

Among those repudiated by the voters were the former head of Iran's feared intelligence ministry, the former head of its Revolutionary Guards, the spokesman for conservatives in the last parliament and the daughter of former president Hashemi Rafsanjani. The former president, until recently considered the second or third most powerful man in Iran, did so poorly he may have to face a runoff election this spring.

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Award to Cayuga Indian Nation for NY State Lands: As part of the federal government's Indian tribe trust responsibilities, DOJ joined a lawsuit brought by the Cayuga Indian Nation against certain non-Indian individuals, counties, and state entities for trespass on 64,015 acres of land in northern NY. The suit alleges that the State of NY acquired this land without congressional approval, as required by the Federal Trade and Intercourse Act of 1790, which provides that Indian land transactions not approved by Congress are void. Last week, a jury issued a verdict awarding the Cayugas approximately \$37 million for the unlawful purchase of their lands by the State in the 1790s.

Crime Policy in the 21st Century: On February 29, the National Institute of Justice and the Office of Policy Development will convene a seminar on public trust and confidence in the justice system, the first in a series of sessions on Crime Policy in the 21st Century. The series will bring together bipartisan groups of experts to discuss the crime policy ideas that best promise to meet the needs of communities over the next five to ten years. The first session, on public trust, will address topics including police interactions with children and minorities, jury nullification, and racial profiling. Sessions in March and April will cover sentencing and corrections policy and the role of science, such as DNA evidence, in the justice system.

Hate Crimes Publication: About February 23, DOJ is expected to release *Addressing Hate Crimes: Six Initiatives That Are Enhancing the Efforts of Criminal Justice Practitioners*. The document examines innovative efforts by national, state, and local law enforcement agencies to prevent and respond more effectively to hate crimes.

Prisoners Under 18 Statistics: On February 23, DOJ is expected to release *Profile of State Prisoners Under Age 18, 1985-97*. This report presents trend data on persons admitted to prison under the age of 18 – their demographic characteristics, offenses, average sentences, and expected time served. At year-end 1997, less than one percent of state prisoners were under 18, a proportion that has remained stable since the mid-1980's.

Juvenile Justice Publications: DOJ expects to release *Challenging the Myths*, a bulletin extracted from OJJDP's recent *Juvenile Offenders and Victims: 1999 National Report*. The bulletin responds to the much-publicized concerns about the emergence of "juvenile superpredators." The bulletin states that, although rates of serious violence did increase in the early 1990s, levels of juvenile predatory crime have dropped since 1994. In early March, DOJ is expected to release *Overview of Portable Guides to Investigating Child Abuse: Update 2000*. This bulletin provides an overview of the series and synopses of its 13 publications to date. The Portable Guides to Investigating Child Abuse provide practical guidance for on-the-job reference by individuals investigating child abuse and neglect.

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MEMORANDUM FOR THE PRESIDENT

FROM: Maria Echaveste 
Bruce Reed

SUBJECT: NATIONAL MEETING ON HISPANIC EDUCATION ISSUES

As you know Hispanic students face substantial educational challenges. Some of these issues are common to other minorities and some are unique to Hispanic Americans. Your administration has taken steps to address some of these issues and improve educational opportunities for Hispanic students; however, more must be done. Hispanic students are the fastest growing cohort of American students, but are less likely to participate in effective pre-school programs, have successful K through 12 experiences, and graduate from college than non-Hispanic white students. The Hispanic high school drop out rate is more than twice the rate of white and black students and there is a substantial gap in scores on standardized tests between Hispanic students and non-Hispanic white students. This memo proposes that the White House hold a national meeting to focus on educational issues confronting Hispanic Americans, to commit the country to quantifiable goals to improve educational opportunities for Hispanic Americans, and to commit the public, private, and non-profit sectors in a national effort to reach these goals.

Background

In August of 1999, the First Lady hosted a White House Convening on Hispanic Children and Youth. The convening identified challenges, showcased successful programs, and addressed the question of how to replicate "best-practices". In her concluding remarks at the meeting, the First Lady said that the Convening should serve as a catalyst for a more significant focus on educational achievement for Hispanics and called for a follow-up national meeting to take place in 2000.

As a result, a small group of foundation and private sector participants in the Convening began to meet with members of the President's Advisory Commission on Educational Excellence for Hispanic Americans and White House staff, to discuss a follow-up meeting. A number of foundation and business leaders have expressed a willingness to support this event. The First Lady's office, the Vice President's office, the Chief of Staff's office, and the Domestic Policy Council, are involved in these efforts. The First Lady and the Vice President have expressed an interest in attending this follow-up meeting.

Proposed Meeting

While discussions are ongoing as to the exact structure and format of the proposed meeting, we are proceeding with some working assumptions. First, the proposed national meeting should relate to the First Lady's Convening and be seen as a follow up to that meeting. Second, the meeting's substantive focus should be on measurable goals that could serve to focus governmental, private and non-profit resources to ensure real progress over the long term and hold policymakers accountable for progress. The Domestic Policy Council is developing 10-year policy goals in the following areas:

- Access to quality early childhood education;
- Closing the achievement gap on state standards-based assessments;
- English-language acquisition for limited-English proficient students;
- Reducing the dropout rate for Hispanic students; and
- Access to higher education and college completion.

Third, the meeting should seek to portray these issues not as "constituency issues" or as favors to an important constituency in an election year. Rather, the meeting should approach the issue through a lens of, "there is no Hispanic agenda, it is an American agenda" and should highlight the fact that what Hispanic parents want for their children, a good education and an opportunity to enjoy the "American Dream", is no different than what other parents want for their children.

Last, while this meeting will highlight your accomplishments on this issue and the substantial work you have done to help address these issues it will also acknowledge that these issues and the goals we are committing to cannot be realized by government action alone. The meeting will highlight community-based activities, private sector activities, and foundation supported activities that are helping to address these issues and call attention to the necessity of this involvement.

Recommendation

We believe that a national meeting that meets the framework described above would further your efforts to improve education for Hispanics as required by your Executive Order 12900 regarding Educational Excellence for Hispanic Americans. It would also commit the nation to making progress on this issue and focus attention on the challenges faced by Hispanic students. Before proceeding with further planning we need to know whether you agree, do not think we should do this at this time, or would like to discuss it further.

Agree



Disagree

Discuss Further

Sia/cc Taylor Braun

THE PRESIDENT HAS SEEN
2-28-00



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Podesta

Reckonings

PAUL KRUGMAN

The Dishonest Truth

You don't have to be a brilliant political analyst to realize that the Republican nominee for president (whose identity is still, amazingly, in doubt) is going to have trouble making an economic case for his candidacy. As Bill Clinton put it, declaring that he had a "lot of sympathy" for the Republicans: "I mean, it's hard for them to figure out what to run on. They can't run against the longest economic expansion in history."

No, but they can try to claim credit for it. In the months ahead, there will be a deafening chorus of pundits insisting that it was Ronald Reagan who laid the foundations for our extraordinary prosperity — indeed that today's prosperity is the ultimate vindication of Reaganomics.

The other day I happened to read a fairly typical example of the genre, an article titled "It's the Reagan Economy, Stupid." The piece, circulated by a neo-Reaganite pressure group called The Club for Growth, was written by Lawrence Kudlow, who was an adviser to Steve Forbes's campaign, and the club's president, Stephen Moore. (Mr. Moore is also director of fiscal policy studies at the Cato Institute.) The title says it all: Rapid growth in the late 90's is the continuing legacy of Mr. Reagan's tax cuts, way back in 1981. And reading the piece, an idea occurred to me.

You see, the usual riposte to this sort of thing involves a weary reiteration of the basic economics involved. One tries, for the umpteenth time, to explain that nothing extraordinary happened to the U.S. economy during the Reagan years. Well before the events of the 80's, scenarios of disinflation had become standard exercises in the macroeconomics textbooks. In these scenarios, an initial period of rising unemployment and slow or negative growth would be followed by a period of rapid, non-inflationary growth and falling unemployment, with the unemployment rate ending up about where it started. And that's just what hap-

pened. But though it's the simple truth, this explanation is too complicated to be heard over the shouting.

So what do you say we focus on the character issue instead? Are the commentators who say that our current prosperity vindicates Reaganomics being honest? If they are, then if things had gone differently — if the economy had done badly under Bill Clinton — logic implies that they would have reached a different conclusion. If good news vindicates the Reagan legacy, bad news would have called it into question, right?

I suppose I could stop right there. You know and I know that if the economy were slumping instead of booming, the same people would triumphantly contrast the Clinton record with Mr. Reagan's and declare the contrast — surprise! — a vindication of Reaganomics.

But we don't have to leave this as a mere conjecture. Instead we can be scholarly, and look at the literature — that is, earlier writings by some of the Reaganite faithful, from the years before it became clear that their problem would be how to explain away the economy's continuing success.

For example, it so happens that in October 1996, little more than three years ago, Mr. Moore and William Niskanen, Cato's chairman, put out a report titled "Supply-side tax cuts and the truth about the Reagan economic record." This report was vehement in insisting that in assessing Mr. Reagan's achievement one must not include any data after 1989, which marks the end of the Reagan era; the years from 1981 to 1989 "provide a convenient and unique laboratory-like testing ground for assessing the success or failure of Reaganomics." And the report went on to argue that the slower growth from 1989 to 1995 demonstrated the superiority of Reaganite policies.

It doesn't get much better than this. If the post-Reagan economy stumbles, the great man's responsibility ends on the day he left office. But if the good times keep rolling, so does Mr. Reagan's legacy. As they say in the scholarly journals: Gotcha!

Of course, none of this will make any difference either to the views or the behavior of the faithful. Commentators will commentate, fulminators will fulminate, and everyone will pretend to base his arguments on the evidence. But now that you know the truth, here's a suggestion: Next time you hear a talking head start to explain how Ronald Reagan deserves the credit for Bill Clinton's economy, switch to the Discovery Channel — where you might actually learn something. □

Scheduling

'00 FEB 28

Victor Rosenbaum, Director
and
The Georges Longy Circle Council
invite you to

A Women's History Month Tribute to Elise Coolidge Hall:
America's First Classical Saxophonist
(See biography on the reverse)

Sunday, March 12, 2000

5:00 PM Cocktails
5:30 PM Dinner
33 Garden Street, Cambridge

Following dinner, there will be a brief performance by Amos Lawrence, violin, and Hugh Hinton, piano, and remarks by Charlotte Salisbury, granddaughter of Mrs. Coolidge Hall. Mr. Lawrence, assistant concertmaster of the Charleston Symphony Orchestra, is a great-grand nephew of Mrs. Coolidge Hall. Mr. Hinton is a member of the Longy faculty.

7:00 PM Concert

featuring works commissioned by Elise Coolidge Hall and the world premiere of a new work for saxophone commissioned by the Longy School of Music for the celebration.

Edward M. Pickman Hall
27 Garden Street, Cambridge

For further information, please call Ian Archer at
(617) 876-0956, extension 623.

2-28-00

Send to Scheduling?

Yes ☒

No ☐

cuo

A Woman Ahead of Her Time – Remembering Elise Coolidge Hall

1853 - 1924

On Sunday, March 12, 2000 the Longy School of Music in Cambridge, Massachusetts, will present a tribute to Elise Coolidge Hall, a saxophonist who commissioned much of the standard literature for that instrument, including works by Debussy, Loeffler and D'Indy. The tribute will begin in the afternoon with a Master Class and Symposium. These will be followed by a buffet dinner and a concert of works for the saxophone featuring Longy faculty member Kenneth Radnofsky, presented in Longy's Pickman Hall. Joining the event will be musicologist William Street who has conducted extensive research on Elise Coolidge Hall.

Elise Hall was born into a prominent Boston family, married a New York doctor and, after many years living in California and the subsequent death of her husband, returned to live in her native city. Mrs. Hall quickly became active in Boston's music circles and developed widespread renown as an accomplished performer of a then-new instrument – the saxophone. Not content to simply play transcriptions of classical pieces for the instrument she commissioned much new work from leading composers of her day. She performed in ensembles with other accomplished amateur musicians and members of the Boston Symphony Orchestra, including Georges Longy, principal oboe and later founder of the Longy School of Music. Elise Coolidge Hall also came to music late in life, taking up the saxophone at the age of 47. In many ways, she was a woman ahead of her time.

Kenneth Radnofsky is one of the leading saxophonists of our day. A member of the faculty at the Longy School of Music, the Boston Conservatory, and the New England Conservatory of Music, Mr. Radnofsky has appeared as a soloist with the New York Philharmonic, Leipzig Gewandhaus Orchestra, Dresden Staatskapelle, and Boston Pops. He has given the world premieres of works by John Harbison, Gunther Schuller and Donald Martino, among others.

Longy is pleased to present this tribute in conjunction with Women's History Month and the 100th anniversary of the Orchestral Club, of which Mrs. Coolidge Hall was a founder and leading member. We are hoping to start a lasting tribute to Elise Coolidge Hall in the form of an endowed scholarship fund for students of wind instruments at the Longy School of Music. Please contact John C. Marksbury, Director of Development at the Longy School of Music at (617) 868-8719.

Longy School of Music
Sundays at Seven Series presents

A Women's History Month Tribute to Saxophonist Elise Hall

America's First Classical Saxophonist

To many people, the saxophone is synonymous with John Coltrane and the cool jazz of dark, smoky clubs, its history winding across the spectrum of "popular" music. It is not often that one immediately envisions this instrument on the classical stage. In fact, however, the saxophone plays a significant role in the world of classical music. It was Elise Boyer Coolidge Hall who made that possible. On March 12, 2000, the Longy School of Music pays homage to the saxophone with a Women's History Month Tribute to Elise Hall, America's first classical saxophonist. Hall's financing, performing, and advocacy legitimized her instrument and almost single-handedly created a repertoire (commissioning nearly 20 works from some of France's greatest composers, including Debussy and d'Indy) and an audience for the classical saxophone.

Sunday, March 12, 2000

For tickets and information on these events, call (617) 876-0956 ext. 500, Monday through Friday from 9 a.m.-5 p.m.

**LONGY SCHOOL OF MUSIC
EDWARD M. PICKMAN CONCERT HALL
27 GARDEN STREET, CAMBRIDGE**



EVENTS

2 P.M. Master Class with saxophonist Ken Radnofsky.
Participants: \$45; Auditors: \$10.

4 P.M. Symposium: "Elise Hall, the Saxophone, and Historic Boston"
Free.

5 P.M. A special dinner and lecture with the relatives of Elise Hall

7 P.M. A concert featuring works commissioned by Hall, including pieces by d'Indy, Loeffler, Woollett, and Lauren Bernofsky, and a world premiere written by Shui Hui Chen for this event.

THE WHITE HOUSE
WASHINGTON

Date 2/28/00

To: BETH NOLAN
From: The Staff Secretary

ASSUME YOUR OFFICE WOULD
WAIT TO DO THE REPLY TO
SOMETHING LIKE THIS.

- SEAN

CC: BRUCE LINDSEY



PIPER
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& WOLFE LLP

1200 Nineteenth Street, N.W.
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www.piperrudnick.com

PHONE (202) 861-3900
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100 FEB 24 PM 5:58

SHELDON KRANTZ

sheldon.krantz@piperrudnick.com
PHONE (202) 861-3865
FAX (202) 223-2085

January 28, 2000

HAND DELIVERY

William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20502

Sheldon Krantz
Delivered this
4/24/00 *Shirley*

Re: Ronald H. Blackley, Sr.; Request for Pardon and Sentence Commutation

Dear President Clinton:

I write to seek your assistance in ameliorating a grave injustice resulting from an independent counsel prosecution and conviction of Ronald Blackley. Piper & Marbury, L.L.P. represented Mr. Blackley during the trial and on appeal after his previous counsel were disqualified by Federal District Court Judge Royce Lamberth. We come to you because the Supreme Court denied certiorari in Mr. Blackley's case on October 4.

Mr. Blackley, the former Chief of Staff for Mike Espy, was prosecuted by Independent Counsel Donald Smaltz, for false statements relating to his failure to disclose approximately \$22,000 on his 1993 SF 284 Financial Disclosure Form. Smaltz stated publicly that he pursued Mr. Blackley in order to secure his cooperation in his investigation of Secretary Espy.

The Department of Justice had previously declined to take any action against Mr. Blackley for these omissions. Congress specifically provided in the Ethics in Government Act that omissions from financial disclosure forms are to be dealt with administratively and civilly. The Department of Justice also has a written policy against prosecuting financial disclosure violations criminally. Independent counsel are required under the Ethics in Government Act to comply with Department of Justice policy.



We have not been able to find a single case in which there has been a criminal prosecution in a case similar to this one. But both Judge Lamberth and the United States Court of Appeals for the District of Columbia Circuit decided that Mr. Blackley has no remedy under the Ethics of Government Act even though Independent Counsel Smaltz violated Department of Justice policy and statutory requirements by bringing this prosecution.

Mr. Blackley was indicted by Independent Counsel Smaltz in April 1997 after he was told that he was not a target of Smaltz's investigation. Mr. Blackley filed a motion to dismiss the charges against him because they were unrelated to Independent Counsel Smaltz's mandate. Mr. Smaltz's jurisdictional mandate was narrowly limited to investigating whether Secretary Espy committed violations of law "relating in any way to the acceptance of gifts by him from organizations or individuals with business pending before the Department of Agriculture."

Judge Lamberth denied the motion, and in so doing, confirmed the fears that independent counsel have virtually unlimited jurisdiction. Attorney General had previously opposed Mr. Smaltz's efforts to get authority to investigate Mr. Blackley. In her brief, the Attorney General expressed concern about Mr. Smaltz being "simply granted a roving license to prosecute any individual whose path may have crossed that of the covered person."

After all of Mr. Blackley's pre-trial motions were denied by Judge Lamberth, he was tried and convicted by a jury in November 1997. This occurred over a year before the Espy trial. Under the federal sentencing guidelines, Blackley was eligible for three months probation for his offenses. But Judge Lamberth upwardly departed by eight levels and sentenced Blackley to 27 months in prison. He said he was doing so "to send a message to other high level government officials, that there is a severe penalty to be paid for providing false information under oath."

As you know, Secretary Espy was later acquitted of all charges that were filed against him. Judge Lamberth's sentence is unprecedented for this type of offense, and the impact of Mr. Blackley's conviction and sentence have been catastrophic on him and his family. Mr. Blackley lost his job and he and his wife, Sharon, have lost their home. He is now hopelessly mired in debt and has already served three months of his 27-month prison term. Throughout this prosecution, Independent Counsel Smaltz did everything possible to harass and demean Mr. Blackley and his family. Mr. Smaltz repeatedly called Mr. Blackley's wife and son into the grand jury and sent agents down to Mississippi to threaten his friends and associates. Even more telling, after his conviction, Mr. Smaltz



opposed Mr. Blackley's requests to the court for permission to attend his son's graduation from college and his mother's funeral.

This case demonstrates in so many ways the dangers of the independent counsel statute. The fact that it was not re-authorized in 1999 provides little comfort to Mr. Blackley, who is a tragic victim of abuses of the statute.

We now have nowhere to turn but to ask you to intervene and invoke your pardoning power to save Mr. Blackley from further injustice. The sun-setting of the independent counsel statute will protect future generations from the potential of its overreach. But Mr. Blackley, who has suffered far too much already, and has already served three months of his sentence, is entitled to some protection as well. We respectfully request that you pardon Mr. Blackley and commute the remainder of his sentence on January 31 and believe that your intervention in this matter would be both justified and in the best traditions of this country.

Sincerely,

Sheldon Krantz

/ld

THE WHITE HOUSE

WASHINGTON

February 26, 2000

MR PRESIDENT:

John Podesta asked that we
forward this to you.

Lisel Loyk

Podesta
You probably should
try to get a letter
del from LOK


Copied
Podesta

B
THE PRESIDENT HAS SEEN

2-28-00

2-28-00

FEB 26 PM 1:51

THE WHITE HOUSE
WASHINGTONSend to
Staff Sec for
POTUS

February 26, 2000

MEMORANDUM TO JOHN PODESTA, CHIEF OF STAFF
MARIA ECHAVESTE, DEPUTY CHIEF OF STAFFFROM: BOB J. NASH, ASSISTANT TO THE PRESIDENT AND DIRECTOR OF
PRESIDENTIAL PERSONNELSUBJECT: UPDATE ON END GAME MEMO

ISSUES

Given the political environment during the last eleven (11) months of our eight (8) year term and our recent meeting with David Hoppe, we should take the following actions to maximize the number of PAS confirmations and PA, SES and Schedule C appointments for the balance of this term.

Dave Hoppe Meeting

The Office of Presidential Personnel, Legislative Affairs and the Counsel's office met with Hoppe February 24, to negotiate, pair and agree on confirmation of Democrats and Republicans. We went in with a positive attitude and ran into a brick wall.

Hoppe announced very directly that they have no intention of confirming PAS's for bipartisan boards and commissions in which Democrats would represent the Majority after January 20, 2001 because they want as few boards and commissions as possible dominated by Democrats if they win the White House. *As far as I am concerned, our "arrangement" is now null and void.*

Dave Hoppe would like us to accept, vet, nominate and allow confirmation of Republicans for bipartisan boards and commissions, and allow a few POP PAS's to be confirmed in return. This is unacceptable. He would accept some Democratic PAS's on bipartisan boards and commissions (paired with Republicans) when it does not give Democrats the majority past January 20, 2001. While I have not calculated the numbers, I estimate that given this situation, 95% of our boards and commissions with term appointments for Democrats are off the table for any action by the Senate.

Given Hoppe's statement we should not continue to "accept" their recommendations for Republicans on bipartisan boards and commissions, when they have stated our Democrats for these same boards and commissions will not be confirmed. We would be crazy to do so, because if Bush or McCain wins, we will have spent our time vetting their people and all they will need to do is nominate them in January 2001.

PAS, PA, SES, Sch C Vacancies

PAS VACANCIES

The following are current and projected PAS vacancies and nominations and numbers in vetting.

Nominations

Current term PAS full-time term Democratic nominees.	31
Current term PAS full-time term Republican nominees.	5
Current term PAS part-time term Democratic nominees.	40
Current term PAS part-time term Republican nominees.	6
Current POP/PAS full-time Democratic nominees.	25
Current POP/PAS part-time Democratic nominees.	3

In Clearance

PAS full-time Democratic term positions.	6
PAS full-time Republican term positions.	3
PAS part-time Democratic term positions.	31
PAS part-time Republican term positions.	18
POP/PAS full-time Democratic positions.	16
POP/PAS part-time Democratic positions.	2

PAS Current Vacancies

Current PAS full-time Democratic term vacancies.	27
Current PAS full-time Republican term vacancies.	1
Current PAS part-time Democratic term vacancies.	81
Current PAS part-time Republican term vacancies.	15
Current POP/PAS full-time Democratic vacancies.	43
Current POP/PAS part-time Democratic vacancies.	8

Projected PAS Vacancies

****Projected PAS full-time Democratic term vacancies. 15**

****Projected PAS full-time Republican term vacancies. 15**

****Projected PAS part-time Democratic term vacancies. 53**

****Projected PAS part-time Republican term vacancies. 18**

***Projected POP/PAS full-time Democratic vacancies. 0 up to 150**

*** Terms expiring between now and January 20, 2001.*

** Just a guess about how many POP's will leave between now and November 7, 2000.*

PA VACANCIES

Most PA part-time board and commission seats have two (2) to five (5) year terms. Most are not bipartisan and offer a great opportunity to place good Democrats on good boards that will last past January 2001.

Most of these boards and commissions receive a name check, tax check, PDS and sometimes a financial statement prior to appointment. Examples include: PFIAB, Kennedy Center, OPIC, military boards, White House fellows, Holocaust Memorial Council and others.

Between now and January 19, 2001, there will be **320 PA part-time boards and commissions seats** available for appointment or reappointment. These numbers **do not** include five new boards and commissions and several others are in process on the Hill as well as a few Executive Orders that are being worked on here.

SES VACANCIES

There are **774 political** and Senior Executive Service positions. These positions pay between \$110,351 and \$125,900. Many of these positions are Deputy Assistant Secretaries. These are the individuals who would serve as acting Assistant Secretaries (PAS) when Assistant Secretaries leave later this year.

There are currently **32 SES positions vacant today**. We fill about **20 each month**. I expect resignations in the SES ranks to be about **20 per month** until the summer. This will increase after the Convention in August.

SCHEDULE C VACANCIES

There are **1801 political Schedule C slots** in the government and **244 Schedule C slots are vacant today**. We handle an average of **100 Schedule C slots per month encompassing new hires, promotions and transfers**. A very large number of Schedule C applicants who are supporters of the Vice President and the President are seeking employment at this time. Some long time Schedule C's are leaving the government for private sector jobs. Salaries for Schedule C positions are around \$25,000 up to \$103,000 per year.

Prepared for the Office of Presidential Personnel

2/26/00

Endgame2.mem

Many of the grade level Schedule C's will move up to Acting Deputy Assistant Secretaries when Deputy Assistant Secretaries move up to Acting Assistant Secretaries as PAS's leave. We must continue to back fill these positions.

SUMMARY RECOMMENDATIONS

- We must do everything possible to continue our efforts to recruit, vet, and nominate and maybe confirm our full-time and part-time PAS's in spite of the fact that the Republicans will do everything possible to prevent our people from being confirmed. We should do everything possible to recruit loyal, capable, and competent Schedule C's and SES's to continue to implement our programs.
- We must continue to recruit, vet, and appoint PA board members with terms so they can serve even if the Republicans take the White House in 2000.
- We must use inaction by Republicans on our term nominations to generate public support for our effort to confirm appointees important to the health, safety, and financial markets.
- Ask Senator Daschle to put a hold on each PAS full-time or part-time Republican member of a bipartisan board or commission until our Democratic members are allowed to be confirmed (and not a one to one pairing).
- Do not "accept" any more recommendations for Republican members of bipartisan boards and commissions until Senator Lott agrees to negotiate on confirming Democrats and Republicans. We will simply acknowledge receipt of his recommendations. If we accept and put his Republicans into vetting, and Bush or McCain win the election, we will have done their work for them and all they will need to do is to nominate Republicans in January 2001. We could spend this time vetting and appointing Democratic PA board and commission members who will serve beyond January 2001.
- Do not nominate any more Republican members in vetting for bipartisan boards and commissions until Senator Lott agrees to negotiate on confirming Democrats and Republicans. If we nominate his people, he will confirm them and leave ours on the table.
- At the right time, allow the Congressional Black Caucus and the Congressional Hispanic Caucus and the Asian Pacific Caucus and other groups, to criticize the Republicans for not confirming people of color and women.
- In a few cases we may have quorum problems with some boards if the Republicans maintain their position. Use this fact to criticize the Republican Senate for inaction and closing down agencies.

- President Reagan recessed over **239 PAS** during his eight years. We have **done only 68**. Given the current stalemate, we should make much more use of this tool in the months to come.
- The Republicans have lied and reneged on 99% of every agreement we have ever made with them. Given this fact, we should not keep 100% of our part of the agreement.
- **The total volume of individual personnel actions will total approximately 2066 for the balance of this term. We must get as many of these done as possible.**

THE PRESIDENT HAS SEEN

2 - 28 - 00

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copied
Cutler
Podesta

THE WHITE HOUSE
WASHINGTON

February 23, 2000

MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER *Lynn*

CC: MARIA ECHAVESTE
BOB NASH
STEPANIE STREET
NANCY HERNREICH

*Good
keep pushing
to do things
R*

'00 FEB 23 PM8:08

SUBJECT: UPDATE ON EAST ARKANSAS

On February 22nd, I met with the team that had worked on your trip to East Arkansas in December. I wanted to follow up and make sure that different projects were moving along. There was much good news, but challenges remain.

MID-SOUTH COMMUNITY COLLEGE

- Several of the people from the agencies on the team have spoken with Dr. Glen Fenter since we were there. He has moved forward with contacts and has met with the Governor.
- **THIS IS OUR FIRST CHALLENGE.** It is important for you to talk with Gov. Huckabee during the National Governors' Association meetings. Mid-South is requesting \$250, 000 for two years in order to have the resources to apply for the Federal programs and to put the training programs in place. The response Glen got in the Governor's office was very discouraging. The state legislators were much more willing, but we need the Governor to do his share.
- The private sector companies are being kept informed, and Lane Kidd of Arkansas Trucking Association is working hard with Glen to follow up on the industry commitments.
- DOT has met with the unions involved in transportation and briefed them on the training plans for the industry at Mid-South. They are enthusiastic and will work with the college in developing curriculum.
- Eastern Michigan University, Secretary Slater's alma mater, is working with Mid-South to do some joint venture work on training.
- All in all, I remain confident that this program will happen. We do, however, need the state's partnership.

MEMORANDUM FOR THE PRESIDENT
PAGE TWO

EDUCATION

- You will remember the computer lab at Earle High School and the MCI-Worldcom Marco Polo program. The offer to train teachers in all of the states of the Delta has been accepted and agreements signed by six of the seven. Tennessee already has a great deal going on in training and they opted out.
- The conferences you announced are happening. The Jonesboro conference on school safety is well underway, with a large attendance expected. The Helena conference is also on target with attendees from all of the Delta states.

INTERIOR AND DOT

- Ken Smith reported on several projects in the works that came about as a result of meetings he held while we were in East Arkansas. He feels that there are tremendous opportunities for tourism development in East Arkansas and Mississippi. They are looking at a model National Heritage Area with Senator Lincoln. If the legislation could pass, there would be money each year for ten years for the planning and the development of historic sites. They are considering a heritage and cultural center for the old Air Force Base at Blytheville, and development of a Delta Heritage Trail under Parks and Tourism of the Midwest Park Service. This would be a hiking, biking trail with bed and breakfast facilities along a 100 mile stretch.
- Under TEA 21, there are resources for Millennium Trails and the consideration is for one to built to the site of the Battle of Vicksburg. Another Trail under consideration is a Civil Rights trail proposed by Congressman Benny Thompson.

CDFI

- Since you were there in December, there are new CDFIs in place. The Rural Healthcare project, which was there, has undertaken new investments in Helena. An exciting investment is in the Helena hospital for a line of credit to underwrite doctors. Three new minority doctors are guaranteed.
- In Clay County, there is a new program with seven or eight new deals underway. They will provide access to hospitals that will link rural to urban areas.
- Phillips County is the site of a new Self-Help Federal Credit Union.

BUSINESS LINC

- The new Business Linc for the Delta is moving along, and they are trying to orchestrate a finance summit that will marry banks and CDFIs for investment opportunity. We are also going to involve them in our strategy to pass the Delta Regional Authority.

THE WHITE HOUSE

WASHINGTON

February 26, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: LISEL LOY *ll*

SUBJECT: Recent Information Items

I am forwarding the following recent information items:

(A) **Berger memo on police reform in South Africa** – in response to your question on a recent *Economist* piece about South African police brutality, Sandy reports on our efforts to support South Africa's developing police force. The Vice President and Thabo Mbeki established our cooperative program in 1996 to bolster South Africa's ability to fight international crime and to support the institutionalization of democracy and human rights in law enforcement activities. Several agencies (including State and DOJ) conduct law enforcement programs (e.g., training in investigative techniques, human rights). DOJ will also train 50 Special Ops recruits for an elite investigative unit, and we are working to establish a regional law enforcement academy in southern Africa. FY99 funding was \$1.2M and comparable amounts are expected in FY00.

(B) **Cutler memo on East Arkansas** – Lynn reports on her follow-up meeting with the East Arkansas team, noting progress as well as outstanding challenges, including: the need for support from Governor Huckabee for the Mid-South Community College project; the acceptance by 6 of 7 Delta states of offers to train teachers under the MCI-Worldcom Marco Polo program; tourism development opportunities in East Arkansas and Mississippi, including a potential National Heritage Area; and Business Linc activity, including a possible finance summit and help with our effort to establish the Delta Regional Authority.

(C) **Frampton memo on EPA web site closure** – in response to your question about EPA closing its web site, George reports that on February 17th, EPA closed its web site after security experts warned that Congress' focus on the site's vulnerability made it a likely target. EPA has been upgrading the security and technology of its site and has no evidence of actual loss of confidential business information. The site is currently back up, although several support systems are still awaiting upgrades.

THE PRESIDENT HAS SEEN

2-28-00

~~Sawyer~~
Mullins

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Berger
Podesta

Foreign Affairs

THOMAS L. FRIEDMAN

A Rogue Worth Knowing

As the song says: You don't need a weatherman to know which way the wind's blowing. All you need, actually, is to look at the recent Iranian elections, where the Great Satan had a Great Week.

The Iranian parliamentary election, in which a disparate group of moderate reformers chopped, diced and sliced the conservatives, was a political earthquake — rich with lessons and opportunities. We must take advantage of this, because *nothing* would change the geopolitics of the Mideast more than sustained moderation of Iran's external behavior.

Let's start with the lessons. Iran's elections are a reminder that despite its shameful track record in supporting terrorism, Iran has democratic politics. This is not Iraq or Saudi Arabia. Iran also teaches us that in a world where, thanks to globalization, we all increasingly know how each other lives, people increasingly demand the same things, no matter how isolated they seem — and these things are the broad freedom to choose one's own life style, to lift one's own living standards and to be part of the global conversation.

The other lesson of Iran is that in a world defined by the economic, cultural and military centrality of the United States, even ostensible rogue states — such as Iran, North Korea, Cuba and Syria — are now, for reasons of self-preservation, groping for ties to the Great Satan.

This is going to become a central U.S. foreign-policy issue. For now, all the presidential candidates are too busy misrepresenting themselves and their opponents to debate it. That's actually a good thing. In fact, I'm in favor of a ban on foreign-policy debates in this election, because it will reduce by 50 percent the number of promises the winner will have to break. And, be honest, do you really want to know what George W. Bush thinks of the Grecians? Nah. Let's stick to Bob Jones University.

Because to deal with Iran, Cuba, North Korea and Syria the next president will have to demonstrate exactly what candidates cannot: courage, patience, subtlety — what the Wilson Center's Robert Litwak in his impor-

tant new book, "Rogue States and U.S. Foreign Policy," calls "differentiated strategies that address the particular conditions of each country."

During the cold war, U.S. policy was basically an undifferentiated competition between Republicans and Democrats over who could be most against North Korea, Iran, Cuba and Syria. Today U.S. policy needs to focus on how to bring these countries down from the rogue tree into a U.S.-dominated international system, without their falling — splat — on the ground. Because Cuba and North Korea threaten us most today by their weakness — by the fact that Cuba could collapse and spew out refugees all over South Florida, and North Korea could collapse and spew out missiles on the Korean Peninsula, where 37,000 U.S. troops are based.

Our policy toward both should be conditional engagement. We should offer normalized trade and investment with Cuba on the condition that U.S. companies there can pay workers directly, and not through the Cuban state. And with North Korea we should offer increasing investment and diplomatic relations on the condition that North Korea not only keep its own nuclear program halted, but desist in missile sales to others.

The chest-beaters will call this appeasement. I call it assisted suicide. John McCain's policy of "rogue rollback," which involves supporting insurgency movements against rogue regimes, plays great on the campaign trail, but it would create an awful mess on the 38th parallel. I'm for classic deterrence and poison carrots, not Bay of Pigs II.

With Iran, the pro-Western reformers say they need a gesture, like loosening U.S. economic sanctions, to give them political cover for détente with the U.S. I say give it to them, while holding the ban on sales of any military technology. We're the superpower. We can afford to be forthcoming, because the stakes here are huge. Iran is still a long way from requalifying for a Boy Scout troop, but any sustained moderation in its behavior would ease the pressure on America's Arab friends and Israel, increase the isolation of Saddam Hussein and open up all sorts of policy options in Central Asia.

Syria is yet another case. Washington needs to keep building a bridge to Israeli-Syrian peace, but the Syrian regime may be too paralyzed to cross it. Never mind. Syria's collapse is the least threatening to anyone. Cuba, North Korea, Iran — they explode. Syria implodes. □

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WASHINGTON. In a stinging rebuke to the United States, the World Trade Organization has ruled that billions of dollars in tax breaks enjoyed by U.S. multinational corporations violate global trade rules.

The ruling by the WTO, potentially the most financially significant in its six-year existence, is sweet revenge for European officials. They have been miffed at what they view as aggressive U.S. challenges to their own trade practices, notably restrictions on the import of beef and bananas.

While details of the decision, which is to be formally announced at the WTO's Geneva headquarters Thursday, were sketchy late Wednesday, it clearly represented a major embarrassment for the United States.

Although administration officials repeatedly have assailed Europe for failing to abandon trade barriers ruled illegal by the WTO, they say they have no intention of changing the corporate tax breaks. They plan to press Europe to drop the matter, perhaps as part of a larger deal.

In a statement Wednesday, Treasury Secretary Lawrence Summers said the U.S. tax provision was "widely viewed as creating a level playing field" for U.S. companies competing with Europe. "We'll work closely with the Europeans, the business community and the Congress to achieve a constructive solution," he said.

Administration officials say the tax break, which is held dear by many major U.S. corporations, will be worth more than \$4 billion to corporate America next year and \$24 billion over the next five years. Used by companies that operate overseas entities, it is criticized by foreign competitors as a subsidy that gives U.S. businesses an unfair advantage over rivals from Europe and Asia.

Ironically, it was the smaller U.S. victories on beef and bananas that persuaded European officials to lash out against the American tax provision as an illegal export subsidy. Europe was irritated by the determined American challenge to its restrictions on bananas, a product of little economic consequence in the United States except to the Chiquita Corp.

The European Union formally complained in 1998 that the Foreign Sales Corporation, or FSC, provisions of the U.S. tax code amounted to an illegal export subsidy.

At issue are separate sales entities established by U.S. companies mostly in the U.S. Virgin Islands, Barbados and Guam that take advantage of tax exemptions on much of export income. Among the major beneficiaries is Boeing Co.

The EU claims about 50 percent of all U.S. exports pass through the shelters, shaving between 15 percent and 30 percent off the tax bills of U.S. exporters each year. U.S. officials couldn't confirm those numbers.

Under WTO rules, a losing party must implement the ruling in a "reasonable" period of time, generally within about 15 months, or provide compensation to the winner. Otherwise, Europe could request WTO approval to impose punitive tariffs against U.S. imports, just as the United States has done in the cases of bananas and hormone-treated beef.

The United States and Europe have duelled for years over tax policies designed to help corporations compete in the global economy. The FSC program, which took effect in 1985, did not appear to concern Europe until recently.

But last October, Europe won an initial WTO ruling that sent tremors through U.S. boardrooms. U.S. officials subsequently signaled some interest in pursuing out-of-court talks with Europe, but the EU chose to let the process play out a strategy that was rewarded by the WTO's final ruling.

Many Day-Trading Firms Violating Law, Study Says By Walter Hamilton Los Angeles Times

In the most negative portrait yet of the controversial day-trading industry, a U.S. Senate staff study has turned up a variety of securities-law violations at day-trading brokerages and concludes that many firms entice investors with misleading claims of profitability.

The eight-month Senate investigation found that the industry is rife with "disturbing business practices" in which some firms forge customer documents, engage in unauthorized trading and routinely skirt rules governing "margin" loans to customers.

At the same time, the firms themselves are racking up large profits, mainly via commissions paid by client traders, the

study said. Cumulative profits at the top 15 day-trading firms tripled in the past two years to more than \$66 million, according to the Senate staff document. However, "only a tiny fraction" of novice day traders make money, and the "majority" of experienced traders lose money, the document concludes.

The results of the study will be discussed at a two-day hearing by the Senate Governmental Affairs Committee's permanent subcommittee on investigations, beginning Thursday in Washington.

"The results of our investigation present a serious indictment of the day-trading industry," said Sen. Susan Collins, R-Maine, chairwoman of the subcommittee. "While the firms differ, the overall pattern is one of day-trading firms very aggressively enticing unsophisticated investors to trade with money that they can't afford to lose."

Senate investigators culled their analysis from 50,000 pages of documents supplied by 18 firms, interviews with 107 people and depositions of seven others.

Day-trading brokerages have multiplied in recent years, offering individual investors access to souped-up computers that allow rapid-fire trading.

Most day traders attempt to make outsized profits from very small movements in stock prices over the course of a trading session, buying and selling repeatedly. The brokerages charge \$15 to \$25 per trade.

At those commission rates, the typical day trader must earn at least \$111,360 annually from trading just to break even after paying commissions, according to the Senate staff analysis.

The study also found there to be more day traders than the 5,000 previously assumed. Between January 1998 and October 1999, 12,666 day-trading accounts were opened nationwide, the study said.

The Senate investigation comes at a sensitive moment for day-trading firms, many of which are attempting to clean up their image and offer services that appeal to the growing legion of amateur investors trading stocks over the Internet.

Indeed, a number of large Wall Street firms, such as Charles Schwab and Morgan Stanley Dean Witter, have taken stakes in day-trading firms that have developed advanced trading systems with potentially mainstream applications.

Nevertheless, the Senate document indicates that day trading remains plagued by abuses. The biggest issue, experts say, is that many day-trading firms overstate the profit potential to investors and downplay the risks. Even when firms supply customers with extensive risk-disclosure forms, employees sometimes promise newcomers that they can make money.

The results of the Senate staff investigation come one day after the Securities and Exchange Commission sued a pair of day-trading firms on charges that they made improper "margin" loans to customers. The loans enabled people to continue day trading and generating commissions for the brokerages, the SEC said.

The Senate document echoes charges leveled by state securities regulators last August, who found problems with deceptive advertising, illegal loan schemes and improper bookkeeping.

Saul Cohen, an attorney for the Electronic Traders Association, a day-trading trade group, said he had not seen the Senate document and refused comment.

The Senate analysis includes a case study of Providential Securities Inc., a Southern California-based brokerage serving the Vietnamese community, at which one trader is alleged in 1998 to have guaranteed a part-time clerk at a record store a 20 percent annual return if she invested money with which he would day trade.

The woman, Amy Le, told investigators that she eventually turned over a total of \$48,000, part of it borrowed from her elderly mother, that she hoped would be invested conservatively and earn enough for her to replace her aging car.

But after initially telling her that he had a "money-making machine," the day trader, Huan Van Cao, lost \$35,000 of her money, she told the investigators.

Providential has 10 offices in California, Oregon and New York, including five that offer day-trading, Fahman said.

The report says that Cao was a "de facto representative" of Providential who tried to drum up day-trading business in the Vietnamese community for Providential's now-shuttered Los Angeles office a point that both he and the firm deny.

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not be broad enough to win a general election.

"McCain's double win (in Michigan and Arizona) ... could make a psychological difference in the calculus of Republican voters through the rest of this process," says Linda DiVall, a GOP pollster neutral in the race. "What they weren't certain of is whether he was indeed electable and he had the stature and gravitas to compete against Bush and he has demonstrated both of those things."

Indeed, sources say there is already grumbling inside the Bush fund-raising network that, in his efforts to pre-empt McCain on the right, the Texan has dangerously narrowed his own appeal.

"Bush sold himself (as) a guy who attracted Democrats, who attracted Hispanics, who attracted new voters, and what is happening?" complained one Bush campaign insider. "He isn't attracting them."

McCain already is making more concerted efforts to reach voters who have resisted him. In his victory address Tuesday night, he blended his signature message of campaign finance reform with core Republican promises to "tear up the tax code ... rebuild our military, strengthen our families (and) protect the unborn." He continued along these lines as he campaigned Wednesday in Washington state, stressing his credentials as "a Reagan Republican."

McCain's challenge will be holding his support among Democrats and independents while amplifying conservative views.

Bush, by contrast, appeared less inclined to reach out than to bolster his base. He did emphasize one of his centrist themes as he campaigned in Los Angeles Wednesday: his commitment to engaging faith-based charities in social policy, an issue submerged in South Carolina. But during the day, he continued to trumpet his own support among Republicans and denounce the role played by Democrats in McCain's Michigan victory. Bush said he lost the contest in which Democrats cast about one-sixth of the votes because "of people who came into our primary to hijack our election."

Discussing Bush's strategic response to Tuesday's results, one adviser said: "We have choices to make as well, and I don't think they are made. We have to decide whether to go back to the middle in California or to pound away at this Republican theme."

Unless and until either man can expand beyond the base he has established, perhaps the single most important variable may be which kinds of voters are allowed to participate in which states.

"Whether or not a given primary is open or closed to non-Republican voters has not been that significant an issue in past nominating battles," said GOP pollster Whit Ayres. "It now becomes the critical issue."

States with "closed" primaries allowing only registered Republicans to vote will become more important in the next few weeks, possibly benefiting Bush. According to the Hotline tally, 553 GOP delegates will be selected through March 14 in closed primaries.

McCain will be the decided underdog in some of these states such as Mississippi and Florida. But states with closed primaries include Connecticut and New York, two moderate Northeastern states where Bush's increasingly visible support from his party's fundamentalist wing will not likely play well.

The number of "open" primaries remains significant. Through March 14, the Hotline calculated, states that allow Republicans, independents and Democrats to vote in the GOP race will select 490 delegates; states open only to independents and Republicans will select another 111 delegates for a total of 601.

McCain still faces long odds in several of these contests. His staff acknowledges they may not have the time or resources to seriously contest Bush's advantages in Ohio and Missouri, which both vote March 7. And Bush should be able to count on winning in Texas, which votes March 14.

But most of the open primaries are at the top of McCain's list including five New England states that will vote on March 7, Colorado and Utah on March 10 and Tennessee on March 14.

Both campaigns agree, perhaps the single most important race will be in California the wild card in this deck. California holds a "beauty contest" open primary in which all registered voters may participate, but delegates will be allocated solely on the votes of registered Republicans. With a sizable hunk of California Republicans describing themselves as conservatives, McCain faces a daunting task in the state.

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Poor Health Habits to Offset Medical Advances, Report Says

By Robert A. Rosenblatt

Los Angeles Times

WASHINGTON Medicine will get better and keep people alive longer in the next 10 years, but the behavior of Americans will worsen as they exercise less, put on more weight and fall victim to preventable chronic diseases, according to an authoritative forecast of national health released Wednesday.

Lifestyles go halfway toward determining an individual's health, the report, funded by the Robert Wood Johnson Foundation, said. A stubborn 24 percent of the population smokes, alcohol abuse is persistent and the incidence of obesity is rising, according to the report.

The country's bill for health spending will soar from \$1.2 trillion in 1998 to \$2.2 trillion by 2010, with much of the growth coming in costly treatments for the victims of chronic conditions such as diabetes and hypertension, according to the study, prepared by the Institute for the Future, a nonprofit forecasting and research firm in Menlo Park, Calif.

Medical advances will keep millions of people alive to an advanced age but many will be plagued by chronic ailments. More health dollars should be spent in persuading people to eat right and exercise "so we can spend less money curing diseases we could prevent if we behaved better," Wendy Everett, director of health programs for the institute, said at a news conference where the report was presented.

Vaccines and antibiotics have successfully attacked many infectious diseases so "the burden of disease" is shifting "to disorders with behavioral causes, such as illnesses related to smoking and alcohol abuse," according to the report, titled "Health and Health Care 2010."

The factors that determine whether an individual is healthy are heavily weighted toward personal habits, the report said: 50 percent for lifestyle, 20 percent for environment, 20 percent for genetics and 10 percent for access to medical care.

The report delivered a harsh message: Americans' inability or unwillingness to take care of themselves can overshadow the advances science and technology offer in health care.

Progress during the decade will be impressive, with transplantation of animal tissues and organs into humans, new oral and nasal sprays for use as vaccines, and miniature medical devices to reduce trauma and bleeding during surgery, the report predicted.

Artificial blood will be created. "Personalized" drugs will be designed, depending on an individual's condition and health history. Doctors will be aware of each patient's genetic makeup, enabling them to prescribe not just penicillin but "your personal version of penicillin," Everett said.

The report puts special emphasis on the need for prevention and for healthy lifestyles because the U.S. population is aging rapidly. Baby boomers, the generation born from 1946 to 1964, are reaching the age when they are likely to begin developing health problems. Exercise and better nutrition advocated by the report can reduce the likelihood of boomers coming down with chronic ailments.

The current system of health care delivery is likely to persist without dramatic changes, the forecast said. Health maintenance organizations "will cement their position as the dominant form of health insurance product over the next decade," the report said.

Only a "tiny percentage of the employed" will still have insurance programs offering an unfettered choice of doctors and hospitals, the study noted.

Patients will have the freedom to go outside the tightly controlled networks of HMO doctors and hospitals, but they will have to pay a higher price in the form of increased co-payments and deductibles.

The United States in 2010 will have a significant excess supply of doctors there are 570,000 physicians today and "another 170,000 in the medical school pipeline," the report said. There will be too many specialists.

The surplus of doctors could have some positive results, however. Some specialists who cannot find work in private practice may become researchers and clinical investigators, who are in short supply now, the report noted.

The Robert Wood Johnson Foundation is the nation's

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worker who had not been cleared by the CIA.

Among the sensitive files found on Deutch's computers and hard drives, the report said, were reports on covert operations, top-secret code words and communications intelligence, memos to President Clinton and the classified budget for the National Reconnaissance Program, which builds and operates the nation's spy satellites.

"Whether any of the information was stolen or compromised remains unknown," the report concluded.

Deutch publicly apologized Tuesday for his "errors." He did not return a telephone call Thursday to his office in Cambridge, Mass., where he is a professor at Massachusetts Institute of Technology.

Welfare Overhaul Creates Buildup of Unused Anti-Poverty Aid **By Mary Williams Walsh** **Los Angeles Times**

WASHINGTON Billions of dollars in federal anti-poverty aid are accumulating unused in state coffers more than three years after a landmark welfare overhaul sharply reduced the number of people receiving public aid, according to a study unveiled Thursday by an anti-poverty coalition.

Forty-five states, plus the District of Columbia, have stockpiled \$7 billion of federal funds earmarked to help the poor, the National Campaign for Jobs and Income found.

The study was the first to survey welfare-to-work spending in all the states, including those that have "devolved" their programs to the counties. Previous studies have not included surpluses building up at the county level and have yielded smaller estimates of the unspent money. The new study is based on statistics provided by the states to the federal government through September 1999.

"It's a disgrace that these funds are sitting idle or being ill-spent at a time when millions of families aren't sharing in our nation's prosperity," said Peter Edelman, one of three Clinton administration officials who resigned in protest when the welfare overhaul was enacted in August 1996.

But Gretchen Odegard, a senior policy analyst for the National Governors' Association, said that while it was true that large

surpluses of anti-poverty funds are growing in many states and that state officials believe there are valid reasons for holding onto the money.

The drop in America's welfare caseloads does not mean that they will not rise again, Odegard said. And because the federal government probably will not increase anti-poverty appropriations if caseloads rise, she said, many governors believe that they should carry surpluses now, "for a rainy day."

"We don't agree that these numbers show a lack of commitment on the part of governors," Odegard said. "Most governors would argue that they are creating all sorts of innovative things to help move people off welfare."

Nationwide, the unused billions are building up because, even as the welfare rolls decline, federal anti-poverty money remains fixed by law at 1994 levels. The states have been given ample latitude to devise new ways of using the money in the welfare-to-work era but some have been slow to do so.

In addition, the anti-poverty coalition identified at least six states that have been spending hundreds of millions of dollars in federal funds on activities that it said were only loosely connected to welfare reform's key stated goal: helping the nation's poor become self-sufficient.

Texas, for example, used \$162 million of the federal money to shore up its general state revenues, the coalition said, despite a budget surplus of \$6.4 billion at the time. Kansas, which put its child-welfare system into private hands in the mid-1990s, then suffered large cost overruns, is using \$175 million in federal money to "bail out" the program over four years.

Wisconsin, New York, Minnesota and Connecticut were all found to be cutting their own state anti-poverty programs, then using federal money to cover the gaps.

While such diversions appear legal, Edelman said that they amount to "tax breaks to middle- and upper-income taxpayers," because anti-poverty money was being used to foot bills that would otherwise be paid out of tax revenues.

"This is a serious departure from the intent of Congress,"

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said Edelman, now a professor at Georgetown University Law Center.

Black Agents File Bias Complaint Against Secret Service **By Ricardo Alonso-Zaldívar** **Los Angeles Times**

WASHINGTON Yvette Summerour decided at the age of six that she would become a Secret Service agent when she saw her mother crying as she ironed clothes and watched President John F. Kennedy's funeral on television.

Now the longest-tenured black woman in the Secret Service, Summerour Thursday reluctantly joined two other black agents in a discrimination complaint against the agency. Passed over at least five times for promotion, she said, she regrets having to denounce the agency.

"I love the job, the only thing I ask is that I be allowed to become a manager," Summerour said.

The complaint charges that black agents are passed over for top management jobs, which it says are dispensed to whites through a "good old boy network."

It also accuses the Secret Service of carrying out "a pattern and practice of discrimination" including relegating blacks to dangerous undercover assignments, bias in hiring, testing and disciplinary actions, and "maintaining a racially hostile work environment."

Lawyers for the agents said they have talked to 50 of the 211 black agents and that they expect many more of them to join the lawsuit, perhaps including some who are retired. Blacks total about 9 percent of the Secret Service's 2,453 agents.

The lawyers called on President Clinton and Vice President Al Gore to intervene and order the Secret Service to negotiate a settlement.

"Discrimination is happening on the White House grounds, in the shadow of the White House and in the shadow of the vice president's residence," said John Relman, one of the agents' lawyers. "These agents put their lives on the line for the president and vice president. The least the president can do is intervene now and demand that the Secret Service sit down with us and fix the problem."

A White House spokesman said that Clinton has no plans to get involved in the Secret Service job discrimination dispute and expressed confidence that it would be resolved fairly. Police discrimination became an issue in the Democratic presidential race when challenger Bill Bradley scolded Gore for failing to obtain a presidential order ending racial profiling, the practice of stopping motorists or others because of their skin color by federal police agencies.

For its part, the Secret Service defended its record. Spokesman Jim Mackin said that the agency "does take very seriously any allegation of racial discrimination" and is "actively engaged in assuring a diverse work environment."

Mackin said that two of seven Secret Service assistant directors are black. One of them is Larry Cockell, the former head of Clinton's security detail who was lifted from anonymity when independent counsel Kenneth W. Starr subpoenaed him to testify in the Monica S. Lewinsky investigation. In addition, four of the 11 largest field offices are headed by blacks, he said.

Lawyers for the three agents alleged that Secret Service statistics show a bottleneck when it comes to promoting blacks to top jobs. A little more than 4 percent of these jobs are held by blacks, who total nearly 11 percent of the agents on the next rung down in the agency hierarchy.

"It is really the last bastion most of the other federal law enforcement agencies have reformed," said David Shaffer, another of the three agents' lawyers, who also represented black agents at the FBI and the Bureau of Alcohol, Tobacco and Firearms in recent job discrimination cases.

The Secret Service maintains that many of the agents Shaffer argues should be eligible for promotion have not been in their current jobs long enough.

The complaint asks the Equal Employment Opportunity Commission to certify the black agents as a class, a legal move that could lead to a wide-ranging examination of the agency's personnel practices.

In the federal government, such bias complaints normally are investigated within each federal department. Departmental

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Senators lambaste actions by day traders, industry

Study released at hearing concludes need for oversight

By James Kim
USA TODAY

WASHINGTON — Day trading came under attack Thursday, as senators pilloried traders and industry executives for questionable practices.

The hearings, before the Senate's Permanent Subcommittee on Investigations, featured a day trader who traded for someone else, a branch officer who took the Fifth Amendment on several occasions, and comments from the mother of a day trader murdered by a former colleague in a killing spree last year.

At one point, Sen. Richard Durbin, D-Ill., said to witness Barry Parish, former manager of All-Tech Direct in San Diego, that his aim was to help investors understand "what a con game is going on here."

The subcommittee, chaired by Sen. Susan Collins, R-Maine, also released a Government Accounting Office study that concluded the day trading industry needed oversight.

The subcommittee voiced deep reservations about various practices that congressional investigators uncovered in a sweeping review of the industry. One major topic: the practice of loaning money to customers to meet "margin" calls, which require underwriter investors to add cash or securities to keep their accounts open. Investigators found such loans also carried high interest rates.

Senators also wondered why so few day traders make money. Investigators found that in the Los An-



Wenzel: Mother of a day trader who was killed testifies in Washington.

geles office of Provident Securities, not a single client made money, while the average customer lost \$50,000.

The senators also questioned Huan Van Cao, who day traded on behalf of Alice Le, and lost \$35,000. When asked if he had complied with an arbitration ruling that he return some funds to Le, Cao said he did not have any money and, in fact, filed for bankruptcy protection.

The hearing also featured Alyce Wenzel, the mother of Scott Webb, who was shot and killed by a fellow day trader in Atlanta in July.

Wenzel said she was unaware he had borrowed \$30,000 from another investor. He had also borrowed \$30,000 from his dad.

She said that her son's mood soured as his losses grew. "My son was not an appropriate person to be day trading based on his financial situation and background experience."

FTC aims to increase scope of privacy rules

By Christine Dugas
USA TODAY

Tax preparers, financial advisers and retailers who issue credit cards are likely to be subject to new federal financial privacy rules.

A Federal Trade Commission proposal would for the first time give customers of those firms a chance to prevent private financial information from being shared with outside telemarketing firms.

"It's good that the scope of privacy protections has been broadened," says Frank Torres, legislative counsel at Consumers Union. "It gets rid of the fiction that financial data is only

collected by banks."

The FTC, which regulates non-traditional financial firms, on Thursday issued its proposal for implementing the privacy provision of the financial modernization bill passed by Congress last year. The bill requires most financial institutions to give consumers a chance to tell the companies not to share non-public personal information with outside marketers.

The FTC is seeking comment by March 31. E-mail to: GLBRule@ftc.gov, or write: Secretary, Federal Trade Commission, Room H-150, 600 Pennsylvania Ave. NW, Washington, D.C. 20580.

Welfare drop leaves states \$7B

By Richard Wolf
USA TODAY

Rapidly declining welfare rolls and steady federal funding have given states \$7 billion in left-over money.

Advocates for the poor say the federal funds, including at least \$2.5 billion that states have no plans to use, are being hoarded rather than used to reduce poverty and help people get jobs.

There has been a 50% drop in the welfare rolls since 1994. "Caseloads are down. Poverty is not," says Deepak Bhargava of the National Campaign for Jobs and Income, a coalition of anti-poverty groups. "If we can't spend the money now to do something about poverty, when will we be able to?"

And if states can't spend the money, Congress is likely to consider cutting the \$16.5 billion it sends to states annually when the current welfare law expires in 2002.

For that reason, states are spending welfare funds on far-reaching programs, ranging from child care and transportation aid to pre-kindergarten and college education.

Officials defend their decisions, including leaving \$7 billion of \$45 billion received since 1997 unspent. They say some needs to be saved in case a recession forces welfare rolls back up.

"States don't have anything to apologize for in terms of the way welfare reform has been going," says William Waldman of the American Public Human Services Association. He cites caseloads that have dropped from 14.4 million in 1994 to fewer than 7 million today and state surveys showing about 60% of ex-recipients get jobs.

But some states are nowhere near spending all their federal money. Mississippi gets \$91 million a year but spends only about \$44 million.

Several states — New York, Texas, Wisconsin, Minnesota, Connecticut and Kansas — have used federal funds to replace state dollars, which in turn are used for non-welfare programs. Only five states have spent all their money — Illinois, Kansas, Kentucky, Maine and Rhode Island.

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Troy D. Kilzer Sr.
Chester County Executive

P.O. Box 296 • Phone: (901) 989-5672
Henderson, Tennessee 38340



Chester County Courthouse

February 18, 2000

President Bill Clinton
The White House
1600 Pennsylvania Avenue NW
Washington, D. C. 20510

00 FEB 28 PM 4:14

Dear Mr. President:

Eddy Arnold is from our small West Tennessee town of Henderson, **Tennessee**. He is a native son, one we are terribly proud of. This well known and popular singer has never forgotten his humble beginnings. Mr. Arnold is very dedicated and concerned about the needs of others, especially the people of Chester County. In 1952 when a tornado struck Chester County killing twenty six people, he immediately organized a benefit concert. A new library was constructed in 1998, this man made a generous donation. We are certainly not the only community to benefit from his kind and generous deeds, done in a quiet manner with little or no publicity. This man is one of the finest American entertainers of all time, a giant among men, deeply respected through out the world. With such qualities and the example he has set during his lifetime, **I would like to request he receive the Presidential Medal of Freedom.** Mr. Arnold is very worthy of this honor.

Your consideration in the above request will be deeply appreciated.

Sincerely,

Troy Kilzer,
County Executive

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Report finds more than 80,000 acres of polluted land in USA

Some cities want to clean up unsightly and dangerous areas

By Traci Watson
USA TODAY

More than 80,000 acres of land so polluted that it's either deserted or underused mars 201 American cities, according to a study released Thursday by the U.S. Conference of Mayors. The total land area cited in the report is larger than Pitts-

burgh and Minneapolis combined. And yet experts say it represents a minimum of such polluted land in U.S. cities.

The sites, which are known as brownfields, may range from boarded-up gas stations where fuel has seeped into the ground to old steel factories that have contaminated the soil with toxic chemicals.

City officials say these brownfields are unsightly and dangerous.

The sites also take up valuable land that could be developed. This would create jobs and generate taxes.

But bankers and real-estate companies often are reluctant to clean and redevelop the land because they're afraid of lawsuits stemming from inadequate cleanup.

Consequently, such sites often are left to fester for decades. But now, with space in cit-

ies at a premium, city officials are viewing brownfields as an opportunity.

The survey includes responses from 231 of the 1,050 cities that were sent questionnaires. Cities as large as New York — population 7.4 million — and as small as Hope, N.J. — population 1,719 — responded. Officials from the mayors' group admit that cities use vastly different methods for estimating brownfield acreage.

Some cities conduct methodical searches to find and

measure every brownfield inside city limits. Others, overwhelmed, stop counting at 15 or 20 brownfields.

Experts estimate there is much more polluted and abandoned land in American cities than the 82,000 acres cited in the report.

The survey asked cities to estimate the benefits of brownfield cleanup and development. They include:

► More than 550,000 new jobs in the 187 cities that estimated employment benefits.

► A total of \$873 million in local tax revenue in the 176 cities that estimated income benefits.

The city of Renton, Wash., with 45,000 residents, estimates that about \$25 million in taxes would be generated annually if the city cleans up its biggest brownfield, an old creosote factory that takes up an entire mile of shoreline on Lake Washington.

The factory grounds, soaked with noxious chemicals, have been a potential hazard and

eyesore for decades. The city is planning to buy the most polluted part of the site and clean it with the help of state funding. The city already has a deal to sell the land back to developers who plan to build offices, retail space and housing.

"It's kind of a cancer on our pristine shoreline," says Renton Mayor Jesse Tanner of the abandoned factory. But with the redevelopment, he says, Renton's brownfield "will become a jewel rather than the sore spot it is today."

Senator's assassination changed busboy's life forever

By Valerie Alvord
Special for USA TODAY

LOS ANGELES — By showing up for work at the Ambassador Hotel on June 5, 1968, an 18-year-old busboy became a part of history — and his life was changed forever.

A photographer standing in a pantry leading to the Ambassador's kitchen captured the picture of young Juan Romero cradling the head of a dying Robert F. Kennedy. The photograph unalterably linked Romero with the slain presidential candidate.

Racked with guilt and hounded by curiosity seekers, Romero left the Ambassador, where he had worked part time through high school. He cleaned tables and carried ice to the rooms of the hotel's world-famous guests.

Even today, he can't talk about the Ambassador without smiling, or about the assassination without fighting back tears.

He can't dodge the terrible feeling that Kennedy's killer, Sirhan Sirhan, might have missed the mark if the New York senator hadn't stopped to shake hands with the eager busboy.

Kennedy, flush from addressing cheering throngs in the hotel's Embassy Ballroom after winning the California Democratic primary, had been shaking hands with "everyone he could see," Romero recalls. Many employees at the Ambassador had abandoned their posts to position themselves in the pantry, where they knew the senator would pass, he says.

"We could hear the crowd's roar, and Robert Kennedy saying, 'I'll see you in Chicago (site of the Democratic convention). And then the doors swung open... I wormed my way to the front and finally he

was within a few feet, and I reached out, and he grabbed my hand. I thought surely this would be the next president of the United States.

"And then I felt a hot burning (from a passing bullet) on the left side of my face, and I heard the sounds. People were yelling, 'Oh, God, not another Dallas.' I saw Kennedy lying on the floor, and I thought he must have slipped and ... needed someone to help him up. So I bent down ... His eyes were open and his lips were moving. I distinctly heard him whisper, 'Is everyone OK?'"

Romero pressed rosary beads that he carried as a talisman into the hand of the dying senator. "He needed it more than I did," Romero says. "But it didn't do him any good either."



Romero: Linked to Kennedy by photo

Beth Holby

THE PRESIDENT HAS SEEN

2-28-00

THE NEW YORK TIMES

BOOKS OF THE TIMES

Five-hundredth PR

DNA Tests and the Road To More Reliable Justice

By RICHARD BERNSTEIN

"Actual Innocence," by two prominent New York criminal defense lawyers and a columnist for The Daily News, raises a powerful challenge to the assumption that all is pretty much well with the legal system, and that the safeguards against wrongful conviction are adequately in place.

Based on the experience of Barry Scheck and Peter Neufeld, the defense lawyers, "Actual Innocence" details several edifying stories of men cleared of serious crimes. Most often the charge was rape and the penalty a prison term, though some who were wrongfully convicted of murder were sentenced to death. Despite a certain slipshod quality in the writing, "Actual Innocence" is an important, unignorable depiction of the way fallible or, in some cases, careless, malicious or incompetent men and women have caused innocent men to spend years of their lives behind bars.

All but one of the convictions covered by this book's three authors — the Daily News columnist is Jim Dwyer — were eventually overturned by posttrial DNA analysis. Sperm or hair samples found after rapes proved that the convicted men could not have committed the crimes. In that sense, "Actual Innocence" is to a great extent a history of the role that DNA testing, which became reliably available in the late 1980's, has come to play in criminal defense work.

But the book has a far wider scope. Its case studies show the various ways miscarriages of justice take place, from mistaken eyewitness testimony to racist presumptions about black male defendants. Most important, "Actual Innocence" offers a cautionary vision of the workings of the criminal justice system in general. As of August, the book says, DNA testing had "provided stone-cold proof that 67 people were sent to prison and death row for crimes they did not commit." But DNA revelations are available only in certain kinds of cases, most commonly when semen has been collected after a rape. "The evidence says that most likely, thousands of innocent people are in prison, beyond the reach of the revelation machine"

blacks are far more likely to be wrongfully convicted than whites.

In one case, Calvin Johnson of Jonesboro, Ga., a black man accused of rape by two different white women, was convicted by an all-white jury and acquitted by a racially mixed jury in another, almost identical case. The main difference was that the all-white jury dismissed testimony from three different people who gave Mr. Johnson what would seem to have been a solid alibi. DNA evidence later proved his innocence in both crimes.

Most of the cases presented in detail in "Actual Innocence" were the work of Mr. Scheck and Mr. Neufeld, whose Innocence Project at the Benjamin Cardozo School of Law in Manhattan seeks the release through DNA testing of people who have been wrongfully convicted. To their credit, Mr. Scheck and Mr. Neufeld do not put themselves at the center of the stories recounted in their book, which is not a memoir of two legal careers but rather an argument for reforming the criminal justice system. The authors point out, for example, that only two states — New York and Illinois — authorize postconviction DNA testing for inmates, and they recommend that other states follow suit. In most of the cases recounted in this book, the exculpatory DNA tests were performed only after Mr. Scheck or Mr. Neufeld persuaded prosecutors to allow them, usually after delays that lasted years.

While admirably modest in its presentation and vigorous in its findings, "Actual Innocence" is strangely unsatisfying as an exploration of what might be called the psychology of conviction. Some of the cases covered in this book seem to have been so manifestly unfair that they make one want to know whether the presiding judges were awake in their chairs, or whether defense lawyers tried to get the jury's attention. The authors do speak of the pressure that the heinousness of a crime itself exerts — how, for example, the rape and murder of a child can lead to such a powerful desire for justice to be done that injustice is done instead. The depiction of the power of that desire is helpful, but the authors of "Actual Innocence" explore only a small number of misjudged cases

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Nolan
Podiatre



Gigi Cohen/Doubleday

From the left, Jim Dwyer, Peter Neufeld and Barry Scheck.

ACTUAL INNOCENCE Five Days to Execution, and Other Dispatches From the Wrongly Convicted

By Barry Scheck, Peter Neufeld and
Jim Dwyer

298 pages. Doubleday. \$24.95.

hysteria might be present in criminal trials far more often than we like to think. Mr. Durham had 11 witnesses testifying that he was 300 miles away at the time of the rape. In prison, Mr. Durham was savagely beaten by other inmates because he had supposedly molested a child. He was eventually released after DNA evidence proved his innocence, but his case makes one wonder how many others are in prison who shouldn't be there.

"The kind of
puzzle-plot that
sends readers into
paroxysms of joy

—LOS ANGELES TIMES

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At the heart of this book are several chilling stories of men wrongfully convicted and, after many years and much resistance from prosecutors and judges, exonerated by DNA testing. In one case, a rape victim the authors call Faye Treatser identified her assailant, Walter Tyrone Snyder, during a casual encounter set up by detectives in a police station in Alexandria, Va. Ms. Treatser, who never had to identify Mr. Snyder in a lineup, was positive of her identification, although later DNA testing proved her to be mistaken. The authors said they had received an instructive lesson in the frequent unreliability of the very eyewitness identifications juries so often find persuasive.

The authors examine other common flaws in the system, including the use of jail-house snitches to obtain supposed confessions from suspects, reliance on incorrect microscopic analysis of hair samples, or just plain prosecutorial sophistry. The authors show troubling but not surprising statistics indicating that

ment for reforming the criminal justice system. The authors point out, for example, that only two states — New York and Illinois — authorize postconviction DNA testing for inmates, and they recommend that other states follow suit. In most of the cases recounted in this book, the exculpatory DNA tests were performed only after Mr. Scheck or Mr. Neufeld persuaded prosecutors to allow them, usually after delays that lasted years.

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Still, this book remains a troubling portrayal of the criminal justice system from within its well-guarded walls. It is impossible, for example, to read of the terrifying ordeal of Tim Durham of Dallas, wrongly convicted in the rape of an 11-year-old girl, without worrying that a kind of

prison, Mr. Durnam was savagely beaten by other inmates because he had supposedly molested a child. He was eventually released after DNA evidence proved his innocence, but his case makes one wonder how many others are in prison who shouldn't be there.

"The kind of puzzle-plot that sends readers into paroxysms of joy

—LOS ANGELES TIMES

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A SPECIAL

WEDNESDAY, APRIL 1

Ma

Reflect on the many faces

And pick up ideas for your next

Look for *Museums*, &

ON THE WEB

Weekday and Sunday book reviews since 1980, an expanded best-seller list, first chapters and special features are available from The New York Times on the Web:

www.nytimes.com/books

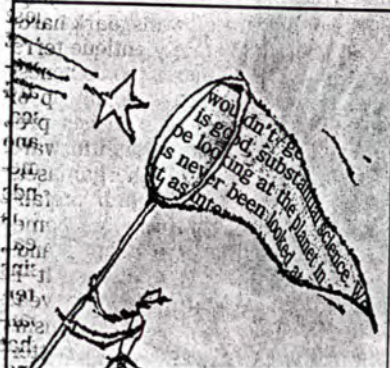
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illuminates the news.

NATIONAL BESTSELLER

"The plot of *The Dress Lodger* deftly twists and then turns . . . Ms. Holman writes with a remarkable Dickensian flair. . . . *The Dress Lodger* is a remarkable book."

—JENNIFER DAVIS McDAID
RICHMOND TIMES
DISPATCH

The Dress Lodger



Maria

- One of the Tribes leaders asked my help on this
- He checked out -
bc

THE PRESIDENT HAS SEEN
2-28-00

The White House

copied
Echaveste
Podesta

February 14, 2000

The Honorable Harry Reid
United States Senate
Washington, D.C. 20510

Dear Senator Reid,

As you will recall, during the Lake Tahoe Forum, many of us were greatly moved by the presentations we heard from the leaders and the elders of the Washoe Tribe. I believe that it is in the best long-term interest of both the lake itself and the Tribe for the Washoe to reestablish a presence at Lake Tahoe. That is why one of the so called "Presidential Deliverables" from the Tahoe Forum was to repatriate the Washoe back to their aboriginal homeland on the lake via a land conveyance, an acquisition, an exchange or whatever other methodology we could come up with. What the Washoe requested - traditional and customary uses and stewardship of land in an atmosphere of privacy and peace - seemed eminently reasonable. At that time, we thought that we would be able to make some Forest Service land available to the Tribe.

For the past two years, Washoe Tribal Chairman Brian Wallace has patiently negotiated with the Forest Service on how this land could be made available to his Tribe and the Washoe people. Last year, the General Counsel for the Department of Agriculture determined that the USFS did not presently have the statutory authority to be able to treat the Washoe differently than any commercial group. Thus absent action by the Congress, this important deliverable from the Tahoe Forum will go unfulfilled. We must not let that happen.

I am therefore urging that you use your leadership in the Senate and your membership on the Interior Appropriations Subcommittee to secure language in the FY 2001 Interior Appropriations bill that would ensure we can move forward. I have enclosed language for your consideration that the Tribal Chairman has approved. Please note that all forms of economic development (including but not limited to gaming), would be prohibited under this authorization. The land will be protected.

Thank you Senator Reid for your continued advocacy and friendship to the Washoe Indian Tribe of Nevada and California.

Sincerely,

WJC

Enclosure

similar to
letter to
Bryan, Boxer &
Feinstein

THE PRESIDENT HAS SEEN
2/28/00

Guus - good idea

See you
M. Thru FR



1 Rth. Robinson
for for him.

US upline
Country House FR

Joel P. Bruckenstein, CFP, CFS, CMFC
President

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Oct-25-99 11:08A

THE PRESIDENT HAS SEEN

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P.1

P.01

Att: Usher's Office
From: Roger Clinton

cc Horv

JP/Louisa/Jal

We need to consider Obama

Re



FAX COVER SHEET

DATE: ~~October 25, 1999~~

FAX: 310-316-3236

TO: ROGER CLINTON

TOTAL

AT:

PAGES: Seven

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HRC

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Lockhart

FROM: Bruce Nash

RE: THE WHITE HOUSE 200th BIRTHDAY

COMMENTS:

*** Big Brother,*

*Here is a basic proposal,
with a significant commitment from Fox
to do this show. I think the people of this
country would love this show! Aside from the
educational & entertaining aspects, what a perfect way
for you, Hillary & Chels to say thank you & "farewell" to the
White House,
the Presidency &
the American voter
people*

~~PLEASE CALL IF YOU DO NOT RECEIVE ALL PAGES~~

1438 North Gower Street - Bldg. 16

Hollywood, CA 90028

Phone: (323) 993-7984

FAX: (323) 993-7993



THE WHITE HOUSE CELEBRATES ITS 200TH BIRTHDAY:
THE FIRST FAMILY TO GIVE TELEVISION VIEWERS A RARE, BEHIND-
THE-SCENES LOOK AT AMERICA'S FIRST HOME

In November, 1800, President John Adams and his wife Abigail became the first official residents of America's most famous home-- The White House.

Two hundred years later, the nation's First Home prepares to celebrate its bicentennial birthday. To mark this grand occasion, The President and First Lady will invite a worldwide television audience into their historic home to give viewers a rare, behind-the-scenes look at two centuries of American history, as experienced by the remarkable families who lived there.

On February 14, 1962, Jacqueline Kennedy took an estimated 46 million television viewers on a guided tour of the White House. Described as "the greatest sightseeing trip in history," it marked the first time that ordinary citizens had been treated to such an up-close-and-personal look at 1600 Pennsylvania Avenue. Lauded by critics and the public alike, Mrs. Kennedy's tour was recently voted by the editors of TV Guide as one of the "100 Most Memorable Moments in TV History."

page 2

Now, nearly four decades later, as The First Family prepares to say good-bye to their beloved home, they will recall this memorable moment in history by taking a worldwide television audience on a farewell tour of the presidential residence. What makes this television event even more special is that it will take place in November, 2000, when The White House turns 200 years old. Two centuries of American history will come to life as the Clintons stroll through their historic home, showing viewers rooms, furnishings, and mementos they've never seen, telling them fascinating stories they've never heard, and treating them to a rare glimpse of what life was like for all the Presidential families who lived there.

And that's what makes this particular White House television tour truly one for the ages, revealing in personal terms how The First Family is a lot like millions of other families around the world-- filled with hopes, dreams, and challenges for the future.

Spotlight on America milestone anniversary years



WHITE HOUSE

1800 • 200 years ago

George Washington selected the site for the White House and supervised its construction but never lived there. Its cornerstone was laid Oct. 13, 1792. It was designed by James Hoban, an Irish-born architect, who planned a simple Georgian mansion. Only the central part of the building was initially constructed; the wings in Hoban's plan were added a century later. The first residents were President John Adams and his wife Abigail, who moved in November 1800. The White House was burned down by the British in 1814. Dolly Madison, escaping from the building before the arrival of British troops, was able to save only a few items from the house. The building was rebuilt by 1817 under the supervision of James Hoban, who also supervised part of the construction of the Capitol. The building was formally called the Executive Mansion until 1902, when Theodore Roosevelt authorized the adoption of the name White House.

For information:

Web: www.whitehouse.gov

LIBRARY OF CONGRESS

1800 • 200 years ago

The Library of Congress is our oldest federal cultural institution. On Apr. 24, 1800, President John Adams approved legislation that appropriated \$5,000 to purchase books for the

use of Congress. In 1802 President Thomas Jefferson approved a law that defined the role of the library and created the post of Librarian of Congress. The library was initially housed in the Capitol building. The 3,000-volume library was destroyed in 1814 when the Capitol was burned by the British. Thomas Jefferson sold his library of 6,487 volumes to Congress in 1815 to help rebuild the library. Unfortunately, another fire in 1851 destroyed two-thirds of Jefferson's books. Since 1870, copies of all books registered for copyright in the US have been deposited with the Library of Congress. The library moved to its own building in 1897.

Today the Library serves Congress and is also our de facto national library. It is the world's largest library, containing more than 100 million items and having a staff of nearly 5,000. The collections include 15 million books, 40 million manuscripts, 4 million maps and more than 13 million prints and photographs. They are housed in three buildings near the Capitol: the 1897 Jefferson Building, the 1939 Adams Building and the 1980 Madison Building.

The theme of the bicentennial year is "Libraries-Creativity-Liberty." The goal of the commemoration is "to inspire creativity in the century ahead by stimulating greater use of the Library of Congress and libraries everywhere." Activities for the year include the Favorite Poem program, which will create an archive of poetry; the issuance

of a commemorative stamp and coin; and the Local Legacies program, which will document traditional activities, events or areas of creativity from around the nation.

For information:

Library of Congress
Bicentennial Program Office
101 Independence Ave SE
Washington, DC 20540-1022
Phone: (202) 707-2000
Phone: (800) 707-7145
E-mail: bicentennial@loc.gov
Web: lcweb.loc.gov/bicentennial

California Statehood

1850 • 150 Years

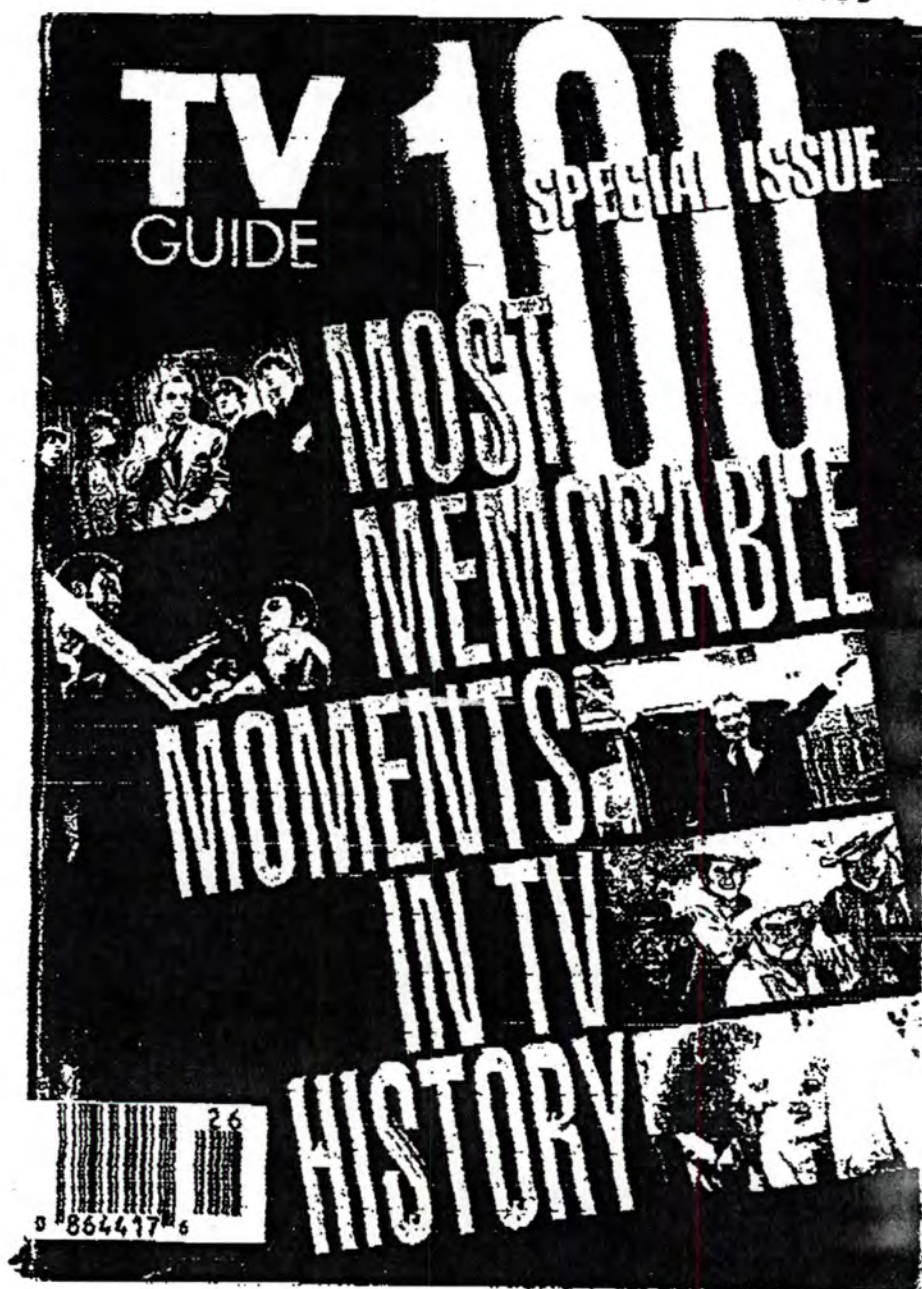
The California Gold Rush of 1849 brought thousands of prospectors to the sparsely populated California Territory. This land had just been acquired by the US as a result of the Mexican War. By the following year, California had the population of 60,000 necessary for statehood, and on Sept. 9, 1850, it became the 31st state. California was admitted as a free state as part of the Compromise of 1850. California's sesquicentennial theme is "Commemorate Our Past. Celebrate Our Future."

For information:

California Sesquicentennial
914 Capitol Mall, Ste 217
Sacramento, CA 95814
Phone: (916) 653-9599
Web: www.tgfdirectory.com/cal50

Oct-25-99 11:10A

P.06



Oct-25-99

P.07



45 "Where's the Beef?" (January 1984) Three white-haired ladies stand just able to peer over the counter of a brand-X fast-food eatery. Confronted by a minuscule hamburger patty sitting on an enormous bun, the lady in the middle squawks, "Where's the beef?" The expression became a national catchphrase, a favorite Johnny Carson punch line, and even a sound bite in that year's presidential race. The ad for Wendy's restaurants made a star out of grandmotherly Clara Peller, a retired beautician from Chicago who was so hard of hearing that a hidden stagehand had to tap her ankle to cue her famous line.

44 "Your Money or Your Life" (January 15, 1956) The star of *The Jack Benny Program* is given that simple, seemingly obvious option by a holdup man. But Benny, whose comic persona was built around his notorious stinginess, has no response. Catching on to the gag, the audience begins laughing (just as they did when Benny first performed this skit on radio). Finally, the robber prods the comedian with the gun and barks, "I said, 'Your money or your life.'" Whereupon Benny delivers in a piteous wail his most famous punch line: "I'm thinking it over!"

43 Jacqueline Kennedy at the White House (February 11, 1962) Speaking in her refined murmur, Jackie Kennedy took CBS newsmen Charles Collingwood on a guided tour of the presidential residence. (The special aired simultaneously on NBC and ABC as well.)

The show was part art-history lesson (as Mrs. Kennedy knowledgeably lectured on paintings and furnishings) and part house tour (for the first time, a camera was allowed inside the Lincoln and Monroe rooms). But it was most remarkable for the unusual access it afforded to our charmingly enigmatic First Lady.



42 *Monday Night Football* (October 8, 1972) Down on the field, the Raiders are blowing out the Oilers. The camera flashes up to the stands, where a disgruntled Oilers fan slumps, surrounded by a sea of empty seats. As Howard Cosell begins to pontificate ("Right there is a very vivid picturization..."), the fan makes an obscene gesture on live TV. Dandy Don Meredith quickly quips, "He's saying they're No. 1 in the nation," and everyone in the booth cracks up. The incident reflected the chemistry that made the show such a captivating TV institution.

TV LINEUP: JUNE 27, 1996

the difference

that takes more than baby shampoo

between shampoo

that takes the conditioners in Pert Plus

her eyes close

The gentle no-tears shampoo that does

Feb-11-00 06:10P

P. 02



FOX BROADCASTING COMPANY
A UNIT OF FOX TELEVISION

P.O. Box 900
Beverly Hills, California 90219-0900
Phone: 310 369-3542 - Fax 310 369-7409
e-mail: marisa@fox.com

Marisa Ferrin
Vice President
Business Affairs

February 11, 2000

VIA FAX

Steve Wohl

ICM

8942 Wilshire Blvd.

Beverly Hills, CA 90211

Re: Farewell Tour of the White House

Dear Steve:

This is to confirm that, subject to customary business negotiations and closure of an appropriate agreement, Fox Broadcasting Company ("FOX") has ordered a one-hour special, featuring the President and First Lady in a farewell tour of the White House, which FOX intends to broadcast in November of 2000.

Very truly yours,

Marisa Ferrin

\\bc_buff\share\marisa\letter\wohl.wpd

NEWS CORPORATION COMPANY

TOTAL P.02

THE PRESIDENT HAS SEEN
2/28/00

2-28-00

Send to Burkhardt?

Yes ☒

No ☐

Carb

Should write
general letter
to the teachers
Thanking all the
students for the letters

BRZ

Please return any correspondence to:

*Ms. Carrie Weiss
VILLAGE SCHOOL
780 Swarthmore Avenue
Pacific Palisades, CA 90272*

Located in the Pacific Palisades, Village School is an accredited independent, non-profit, non-denominational day school for children in transitional kindergarten through sixth grade, which does not discriminate on the basis of race, color, national or ethnic origin in its admission, educational, or athletic policies or programs.

Thank you for your time Mr. President!

February 22, 2000

Dear President Clinton,

My name is Madison. I am 9 years old. I go to Village School and I am in third grade. Do you think Elian Gonzalez should go back to Cuba? I think he should stay here.

Sincerely,

Madison C.

February 22, 2000

Dear President Clinton,

My name is Zack
L. I am 9 years old.
I am in third grade.
How do you like
being President of the
United States? I
go to Village School
and my teacher is
Miss Weiss.

Sincerely,

Zack L.

Feb. 22.00

Dear President Clinton,

My name is Lindsey G. I am eight years old. I go to Village School. My teacher's name is Ms. Weiss. She is a very good teacher.

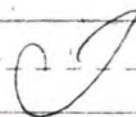
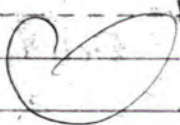
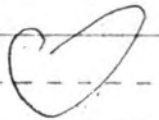
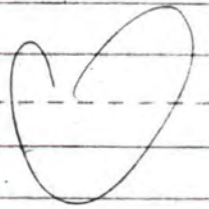
I sit next to a nice girl named Rae. Rae is also going to write a letter to you.

I have blonde hair, blue eyes, and light skin. I have only one question to ask you and please answer it. Thank you! It is why did you want to be president? I also have a brother. He is autistic. It is when you lose all your language. It would be

Very generous if you could help find a cure
for kids like my brother. Thank you for using
your time to read my letter.

Sincerely,

Lindsey G.



February 22, 2000

Dear President Clinton,

My name is Camile G. You are a great President. Can you make people famous, when there not famous? I want to see your house. Are you going to quit being president?

From,

Your American Citezen

Camile

2-22-00

Dear Mr. Clinton,

My name is Jon Freedman.

I am writing to you because
I think that we should
save more wild life and
get more people involved with
that. I know our country
needs to continue our economic
process, but we also need
to save the creatures that
have been here long before.

WS,

P.S. Could you write back?

Your

Fellow Citizen,

Jon Freedman

February 22, 2000

Dear President Clinton,

My name is Mandy R. Yon

probably don't know me because there
are so many citizens of the USA.

Do you like being president? Do you
think Elian Gonzalez should or shouldn't
have become a citizen of the U.S.A.

Well anyway, I'm in third grade at Village
School and wrote a letter to you
last year about the rainforests. I would
of voted for you, but I am still
too young!

A Fellow Citezin,

Mandy R.

Age $9\frac{1}{3}$

February-22-2000

Dear President Clinton,

My name is Justin Cypres. I am eight year old. I think Elian Gonzalez should stay in the United States because he wouldn't have the same life. He would have a better life in the United States. I think he will have a better life here.

Sincerely,

Justin

February 22, 2000

Dear President Clinton,

My name is Jimmy. I'm eight years old. I go to Village School. I have a question for you. Is it hard to make a disision for the United States, also if you dont like your choices you have.

You did a great job as a president.

Sincerely,

Jimmy

February 22, 2000

Dear President Clinton,

My name is Naomi Johnson. I am English. My mum works at the British Consulate trying to get American companies to set up in England. I'm having a great time in America!

Sincerely,

Naomi

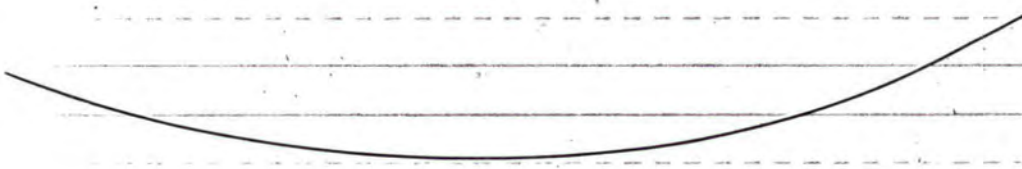
February 22, 2000

Dear President Clinton,

My name is Alex. I am
nine years old. I go to Village School in
Pacific Palisades, CA. Something I think
is that Elian Gonzalez should stay in the
U.S. What is it like to be the president?

Sincerely,

Alex



February 22, 2000

Dear President Clinton,

My name is Jordan. I am 8 years old. I am wondering if Elian Gonzalez that kid from Cuba should stay in America or go back to Cuba. What do you think Elian should do? I think Elian should decide what to do. That is only my opinion.

Sincerely,
Jordan

February 22, 2000

Dear President Clinton,

My name is Rex. I'm eight. There is something I'd like to tell you and ask you something. First, the community down here is working like a candy shop. Second, I was wondering what is the most of your worries? Please write to our class.

Sincerely,

Rex

Feb. 22 2000

Dear President Clinton,

Hi!, my name is Kristina
Oedman. I am in 3rd grade.
I have been thinking, and I
think Elian Gonzalez should
stay in the US for a few
more years because he
won't have another chance
to come back to US. What
do you think?

Sincerely,

Kristina

February 22, 2000

Dear President Clinton,

My name is William.
I am from England. This
is my fourth year
at Village School. This
is my second time
righting to you. When
I herd your speach,
I wanted to vote
for you.

Sincerly,

William C.

February 28, 2001

Dear President Clinton,

Hi, I can't believe I am writing to you again. Our class wrote to you last year about saving our rainforest. But now I am just writing for free will. I want to ask you some questions, and tell what I think Elian Gonzales. I don't know if you are involved with any of this but I'll still tell you. How did you become president? Did you pass a test?

Know about Elian Gonzales,
I think he should stay if he
wants. And why can't the father
sneak over.

From

Zachary P

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Navy Chief Promotes Missile Defense Role

Memo Questions Land-Based Strategy

By BRADLEY CRAHAM
Washington Post Staff Writer

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The Navy's top officer is challenging Pentagon plans to rely solely on land-based interceptors to shield the United States against missile attack, urging that ship-launched interceptors also be used to knock enemy warheads out of the sky.

In a confidential memo to Defense Secretary William S. Cohen, Adm. Jay Johnson argued that ships, which promise a mobile layer of added protection, would make the proposed antimissile system more effective.

The appeal by the four-star chief of naval operations marked the first time a Navy leader formally has pushed for a role in national missile defense, although Navy authorities have argued privately for some time that ships would provide a cost-effective substitute—or at least adjunct—to basing interceptors on land.

The admiral's arguments reflect the scramble by the armed services and defense contractors to win a piece of this huge defense program, which is budgeted at \$12.7 billion over the next six years and could end up costing far more in the decades ahead.

Worried that critical decisions later this year could shut the Navy out of a major share in national missile defense, Johnson warned that such a step "would not be in the best long-term interests of our country."

His pointed warning adds another controversial element to the escalating political debate over whether to construct a national interceptor system and, if so, what kind and how fast.

President Clinton has said he will decide this summer whether to go ahead with construction of a limited antimissile system, starting with 100 interceptors in Alaska. Advocates contend the weapon is necessary to shield all 50 U.S. states from long-range missiles being developed by North Korea, Iran and other potentially threatening nations. But critics see the proposed network of interceptors, satellites, radars and battle management facilities as inherently unreliable, easily fooled and too costly, not to mention disruptive of relations with Russia, China and NATO allies.

Surprised by Johnson's initiative, several senior Pentagon civilian officials were quick to list reasons why the Navy has not factored in their plans so far. They cited lagging development of a high-altitude Navy interceptor and the difficulty of persuading the Russians to allow a sea-based option under the 1972 Anti-Ballistic Missile Treaty.

"Secretary Cohen has not yet seen Admiral Johnson's memo," Pentagon spokesman Kenneth Bacon said. "However, inclusion of a sea-based component in a national missile defense system would raise significant arms control complications. Our current plans call for a land-based system."

Nonetheless, the Navy option

has strong support from some Republican lawmakers. Its appeal rests in the notion that the Navy's fleet of Aegis cruisers and destroyers provides a ready set of mobile launch platforms. By taking advantage of these floating assets, proponents say, the United States could greatly expand its antimissile coverage at relatively low cost.

Just how much cost and effort this would entail is hotly disputed. But with the chief of naval operations now so actively promoting the idea, the sea-based proposal is likely to receive renewed congressional attention and possibly additional development money.

The purpose of this memorandum is to suggest that Navy ships should provide a significant portion of our nation's strategic defense, and to recommend that the Navy be included in both the policy and architectural frameworks of a national missile defense system, Johnson said in his two-page memo, dated Feb. 18, a copy of which was obtained by The Washington Post.

What prompted Johnson, who is known for his reserved demeanor and nonconfrontational management style, to call into question the Pentagon's antimissile planning was a subject of some speculation among senior officials. Several interpreted the move as a bid for more dollars by insisting on Navy

participation in a major growth program.

"The Navy wants to remain strategically relevant," said one Pentagon civilian involved in developing the antimissile system. "They see this big program with billions of dollars being spent—and with strong roles for the Army and Air Force but none so far for the Navy—and they feel left out."

But a source familiar with Johnson's thinking said the memo grew out of a genuine belief that a sea-based system carries distinct technological and operational advantages. More immediately, Johnson, whose four-year term as chief ends this summer, also was said to be concerned about efforts within the Pentagon bureaucracy to choke off further consideration of the sea-based option.

In his memo, the Navy leader made clear he was not pressing to include sea-based interceptors in the near term, but rather in some later expansion of the antimissile project. He suggested the sea-based option be considered as "complementary to, not [a] replacement for," the Pentagon's land-based scheme.

After initial deployment of 100 interceptors in Alaska beginning in 2005, the Pentagon's plan calls for another batch of interceptors at a second site somewhere in the continental United States. One senior Pentagon official, critical of Johnson for speaking up now, said the admiral participated in last year's deliberations by the Joint Chiefs of Staff that approved the Pentagon plan, and did not object then.

Writing to Cohen, Johnson cited three Pentagon studies over the past two years that have concluded naval forces could strengthen national antimissile defenses. Another study, prepared for Congress jointly by the Navy and the Pentagon's Ballistic Missile Defense Organization (BMDO), is due March 15; it reportedly makes the same point.

But the Navy's development of a high-altitude interceptor has lagged behind efforts by the Army and the BMDO to design land-based ones.

While the Navy is close to fielding a short-range antimissile system for defending ports and coastal facilities, a more advanced medium-range version is not due for delivery until 2010.

The BMDO has estimated the cost of inventing an even more powerful ship-based system for combating long-range missiles at more than \$16 billion. The Navy insists the price would be much less because it could plug into the same satellites, land-based early-warning radars and battle management systems being developed for the ground-launched interceptor. It also might use the same "kill vehicle," the small sensor-packed device that is designed to ride atop the booster rocket, then separate in space and home in on an enemy warhead.

Navy planners say existing ship launchers, which carry 21-inch diameter missiles in packs of eight, could be reconfigured for heavier, 27-inch missiles in groups of six. They estimate that six to 12 cruisers, each loaded with 15 to 20 interceptors, would be sufficient to ensure protection of the United States.

But beyond the technical and cost issues, Pentagon officials have worried that a mobile, ship-based system would pose particularly nettlesome problems for the ABM Treaty with Moscow. The Clinton administration is trying to preserve the treaty while seeking amendments to permit the limited ground-based plan.

Until last year, the administration appeared to be holding to the notion that it could make do with a single land site and avoid extensive ABM Treaty changes. But with plans now calling for eventual expansion to a second site, plus more radars and satellites, Navy officials see an opportunity.

"If NMD [national missile defense] postures beyond the original single land-based site are under active consideration," Johnson said in his memo, "then policy alternatives which include providing a portion of our defense from ships at sea should also be carefully considered."

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OFFICE OF GOVERNOR JESSE VENTURA

130 State Capitol • 75 Constitution Avenue • Saint Paul, MN 55155

February 29, 2000

Chin Jennings
We would like to
go there soon - pls
advise - Jbe

The Honorable William Jefferson Clinton
The President
The White House
1600 Pennsylvania Avenue
Washington, DC 20000

Dear Mr. President:

It is a privilege for me to come to the White House with my colleagues to discuss issues of concern to our states. Thank you for this opportunity and for your recognition of the importance of a healthy working relationship between the states and the federal government.

I share your goal of making sure all children have health coverage. In fact, I have made it a priority to insure every child in Minnesota by the time I leave office. We're already ahead of most states but to get health care services to the hard-to-reach kids, I need your help.

* Minnesota does not receive its appropriate share of federal funds from the State Children's Health Insurance Program (S-CHIP), as I described to you when we met in St. Louis. Your administration has the authority to waive parts of this law to support special health initiatives in Minnesota, initiatives that will move us closer to covering all kids. To accomplish this, however, I request that you direct Secretary Shalala and her staff to consider promptly and approve Minnesota's new S-CHIP waiver request; I hope you will do so.

In your December 7, 1999 letter to me, you acknowledge that MinnesotaCare, our state-run health insurance program for low-income Minnesotans, was used as a model in designing the federal State Children's Health Insurance Program. You expressed confidence that Minnesota and your administration can work together to identify ways to use S-CHIP funds to improve access to health care in Minnesota.

Mr. President, approval of our waiver request is the way to help us. Minnesota was the model that helped show the federal government how to create a program to insure kids. Now let us be the model showing you how to find those hardest-to-reach kids and get them needed services through special health initiatives.

Thanks again.

Sincerely,

Jesse Ventura
Jesse Ventura
Governor

Voice: (651) 296-3391 or (800) 657-3717 • Fax: (651) 296-2089 • TDD: (651) 296-0075 or (800) 657-3598
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Greenspan sees no signs of inflation, but others do

By George Hager
USA TODAY

Federal Reserve Chairman Alan Greenspan says he sees virtually no signs of consumer inflation. Some of his fellow economists say he must not be looking in the right places.

The costs of housing, medical care and education are all moving up, these economists say, an ominous sign that the long-tame overall in-

flation number could eventually go up as well.

"It's not running away, (but) it's showing signs that the best news is clearly behind us and the potential is for some problems," says Joel Naroff of National Economic Advisors. "It is not nearly as benign as people seem to be saying."

Ian Shepherdson, an economist with High Frequency Economics, says he expects that the next govern-

THE ECONOMY

ment inflation figures will show the consumer price index up 3.3% on an annual basis. CPI for all of 1999 was 2.7%, up from just 1.6% in 1998. The new number, Shepherdson says, is scary.

So far, though, economists like Naroff and Shepherdson seem to be in the minority. Although inflation has

gradually crept up since hitting a 12-year low in 1998, most forecasts show it leveling off or heading down this year. The latest survey by the National Association for Business Economists, for example, projects 2.5% by the end of the year.

The jump to 2.7% last year was entirely due to the enormous run-up in oil prices, says Patrick Jackman, an economist with the Bureau of Labor Statistics, the federal agency that monitors inflation.

Greenspan seems to agree. The Fed chairman told the Senate Banking Committee last week that except for oil and some other commodities,

"there is no evidence right now of inflation. I cannot find it no matter where I look."

That doesn't mean that some prices haven't gone up faster than average. As of January, airfares were up 7.5% from a year earlier. Heating oil soared nearly 42%, gasoline jumped more than 32%, and tobacco and prescription drugs were both up nearly 6%.

Meanwhile, though, other prices fell or rose only barely. Clothing dropped 0.9%, new cars and trucks were down 0.8%, electricity barely moved up at 0.4%, and food was up just 1.5%.

As for housing, medical care and education, the BLS' Jackman says he sees no unusual jumps. Both tuition and health care costs are rising faster than overall inflation, but they have been going up at roughly the same rate for the last two years, Jackman says.

House prices and mortgage rates are up, but that seeps only slowly into the CPI, which emphasizes rental rates and reflects the fact that only about 3% to 5% of homes change hands in a given year. Outside of oil, Jackman says, "you don't see sustained acceleration (in prices) anywhere."

SEC charges sports agent with scams

Associated Press

Prominent sports agent William H. "Tank" Black has been accused by the Securities and Exchange Commission of defrauding two dozen of his athlete clients of at least \$5 million in investment scams since 1996.

A federal judge in Tampa issued a restraining order Thursday against Black; his firm, Professional Management; James A. Franklin Jr., the firm's general counsel; and Professional Management Consulting, an affiliate of the firm owned by Black and Franklin.

The SEC also is seeking fines and repayment of profits. In its lawsuit, the SEC said Black "repeatedly provided false evidence" during its investigation that contradicted statements by his clients.

Black said the commission's charges "are false and do not reflect

actual events."

Most of Black's clients and former clients, whom he represents in contract negotiations with their teams, are professional football players, including Jacksonville running back Fred Taylor, New York Giants wide receiver Ike Hilliard and Philadelphia running back Duce Staley.

Black also represents Vince Carter of the NBA's Toronto Raptors, one of the game's brightest young stars, and had represented ex-Carolina Panthers receiver Rae Carruth, who has been charged in the fatal shooting of

a pregnant woman.

According to an SEC document, Anthony, Carruth, Hilliard, Terry Allen and Robert Brooks invested a total \$6.1 million.

In one scheme, the SEC said, Black and Franklin advised clients to invest millions in high-yield promissory notes, but they had a secret arrangement with the promoters of promissory notes that allowed them to skim their clients' profits and put the money into a multimillion-dollar Ponzi scheme run out of the Cayman Islands.

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aides claim they are feeling confident. 2-28-00

"We've come in and shaken things up," said his spokesman Eric Hauser. "People are paying attention."

Divergent Actions Raise Troubling Questions at Justice
By Eric Lichtblau and Ronald J. Ostrow
Los Angeles Times

WASHINGTON Four years ago, a senior Justice Department official quietly acknowledged to the department that he had revealed secrets about a New York City anti-terrorism operation to the authors of an upcoming book.

Despite an in-house call that the official should be disciplined, he escaped formal punishment.

But now, amid stepped-up concerns about how the government protects its secrets, the case of Richard Scruggs is drawing new scrutiny because of some troubling questions.

First, did the Justice Department go easy on Scruggs, a friend of Attorney General Janet Reno from her days as a prosecutor in Florida? And perhaps just as worrisome, did Justice Department officials mislead U.S. District Judge Royce Lamberth, head of one of the nation's most powerful and secretive courts, by not disclosing their findings to him?

The material that was leaked in a book and an abridged magazine article detailed how federal authorities spied on a group of Japanese cultists in New York City who were suspected of possible terrorist links. The officials acted under authorization of the top-secret court, established by the Foreign Intelligence and Surveillance Act of 1978.

"This was more than an ordinary leak," said John L. Martin, who headed the Justice Department espionage investigations unit at the time. "This was a horribly egregious offense, and it goes to the very heart and essence of how you operate in combating terrorism and how you handle secret information."

By allowing such secrets to become public, "you're giving the playbook to the other side," he added.

Such issues have taken on new-found resonance in recent months because of the cases of two other federal employees who allegedly compromised government secrets: Wen Ho Lee, the Los Alamos National Laboratory nuclear scientist charged with downloading massive amounts of classified data onto an unsecured computer, and former CIA Director John M. Deutch, who used several unprotected home computers to write confidential memos to President Clinton and for other highly classified work.

Some officials see key differences in the Lee, Deutch and Scruggs cases. But others believe that all three train a troubling spotlight not only on how the government protects classified information but also on how it investigates and punishes such cases.

Sometimes that is very differently.

In Lee's case, the Taiwanese-born scientist sits in a jail cell in New Mexico, awaiting trial on a 50-count felony indictment for allegedly mishandling classified information.

In Deutch's case, the Justice Department declined to prosecute the former CIA director, but he was forced to give up his security clearances and has been publicly upbraided by members of Congress. On Thursday, the Justice Department said that it is re-examining his case.

But the Scruggs case has remained largely under wraps. Scruggs said that he was simply told he had used "bad judgment" in discussing a secret U.S. anti-terrorism operation, and he remains a top federal prosecutor in the U.S. attorney's office in Miami.

"I don't know how you square this with actions taken in the case of Wen Ho Lee and Deutch," said a former Clinton administration official who was close to the investigation of the leak. "This was highly classified information."

At the center of the Scruggs case is a book called "Main Justice," published in 1996. Written by journalists Jim McGee and Brian Duffy, it details the inner workings of the Justice Department.

The book, along with a shortened adaptation published in the Washington Post Magazine a few months earlier, focused in part on the increased use of secret wiretaps by federal authorities. These wiretaps were authorized by the secret court headed by Lamberth. Meeting in secret, it has the power to permit federal prosecutors and FBI agents to sidestep normal constitutional protections when they undertake wiretaps, surveillance and

searches against suspected terrorists or agents of a hostile foreign government.

McGee and Duffy disclosed in the book and the magazine article that, in the wake of a deadly sarin gas attack in 1995 on a Japanese subway, U.S. authorities sought and secured authorization from the secret court to bug and search the apartments of New York city residents who were members of the same Japanese religious group thought to have staged the gas attack on the subway.

There was no evidence that Aum Supreme Truth cult members in New York had done anything illegal, McGee and Duffy wrote, but federal authorities were worried about the threat of an attack in the United States. So sensitive was the surveillance operation against the cult members that, five years later, most U.S. officials familiar with it still refuse to discuss it.

Scruggs, formerly head of the Justice Department's office of intelligence policy, acknowledged in an interview that he assisted the authors as they were preparing their book. He said that he spoke with McGee about the surveillance of Aum Supreme Truth members in New York and how federal authorities handled it.

But he insisted that he was not the original source of the leak and that, in disclosing details of the incident to McGee and Duffy, he was only trying to "correct misperceptions that (they) had."

In investigating the workings of the Justice Department's intelligence operations, the authors were under the mistaken impression that "we sat on things and didn't do anything," Scruggs said, and he found that "troubling," so he corrected it.

Scruggs said that, before the article or book was published, he reported his dealings with McGee to a fellow Justice Department official. He was later given a letter criticizing his "bad judgment" in the matter, he said. He refused to release the letter.

"It was not a reprimand. As far as I'm concerned, it is settled," Scruggs said. "Nobody knew anything until I told them."

The Justice Department refused to discuss any aspect of the case, citing privacy restrictions governing personnel matters. But sources at the department disputed Scruggs' account, saying that he admitted having divulged information only after a departmental inquiry cast suspicion on his role.

In fact, one official who asked not to be identified said that the Justice Department's Office of Professional Responsibility recommended harsh sanctions against Scruggs. But that recommendation apparently was rejected, based in part on the belief that Scruggs' long record of strong service should mitigate any offense, sources said. Reno recused herself from the case because of her friendship with Scruggs, this official said.

At the Foreign Intelligence and Surveillance Act Court, headed by Judge Lamberth since 1995, the judges were disturbed.

Lamberth recalled in an interview that he was shocked when he first saw in the McGee-Duffy book what were purported to be details on the secret workings of his court. It marked "an apparent breach.... It was obvious that someone from inside (the Justice Department or the FBI) had to be giving out classified information. I didn't understand that."

Troubled, Lamberth said that he contacted the Justice Department to find out what had happened. He never heard anything back, he said, and "as far as I know, they were never able to determine the source."

MARKET BEAT: Wall Street, a.k.a. Dodge City, Has a Housing Problem

By Tom Petruno
Los Angeles Times

The U.S. economy is a sizzling, \$9.3 trillion machine. But the U.S. stock market, now worth more than \$13.1 trillion, outgrew the national GDP years ago.

Maybe the market's increasingly divergent performance today is, at last, an issue of elbow room. Think of Wall Street as the Dodge City of the old West. Said the "new economy" stocks to the "old economy" stocks: "This town ain't big enough for the both of us."

The primarily old-economy Dow Jones industrial average plunged 2.3 percent on Friday to end at 9,862.12, its first close below 10,000 since April 6. The Dow now has tumbled 15.8 percent from its record high reached on Jan. 14. Another 5 percent or so to the downside and we will be in the first official bear market since 1990.

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Vouchers Earn Positive Marks

Elementary School Students Show Success, Study Finds

By JAY MATHEWS
Washington Post Staff Writer

African American elementary school students in the District who transferred to private schools with the help of vouchers were happier with their schools and did better in mathematics than classmates who remained in public schools, a new study has found.

Middle and junior high school students, however, had trouble making the switch.

The study of 810 D.C. students released yesterday provides arguments for both supporters and opponents of vouchers, the politically controversial attempt to help dissatisfied parents and energize public schools by paying private school tuition for low-income students.

Paul E. Peterson, director of the Program on Education Policy and Governance at Harvard University and a co-author of the study, cautioned that the results cover only the first six or seven months in the new schools. "But they indicate that private schools serve African American students well—especially if the student enters private school during the early elementary years," he said.

The study compared students selected by lottery to receive vouchers averaging \$1,350 from the Washington Scholarship Fund with similarly motivated

students who were not selected. In grades 2 to 5, newly arrived black students at private schools outscored their public school counterparts by six percentage points on a standardized mathematics test. They were also better in reading by two points, though that difference was not statistically significant.

By contrast, voucher students in grades 6 to 8 scored eight points lower than the public school students in reading and were much more negative about their new schools. Of those students, 45.5 percent said they were proud to attend private schools, compared with 73.7 percent of those in public schools. Private school students were two points ahead of the public school students in mathematics, but the difference was not statistically significant.

Experts not connected to the study echoed Peterson's warning against making judgments too early. "The educational landscape is strewn with the wreckage of one-year evaluations that did not hold up," said Gerald W. Bracey, a Fairfax-based educational consultant.

Peterson's group has shown favorable voucher results in other cities and has been criticized for allegedly failing to consider other factors that might explain the differences. But Kenneth Wong, professor of educational policy at the University of Chicago, said he thought Peterson's team "is making an important contribution to the debate on what works in urban school improvement. . . . I would think the public school system needs to make great efforts to improve its quality in an environment of more intense competition."

Bracey said the D.C. study should have emphasized the impact on test scores of the smaller schools and the smaller classes encountered by the private school students. The private

school classes averaged 18 students compared with 22 in the public schools, "and when you get below 20 in a class, achievement rises," Bracey said.

Peterson and co-authors Patrick J. Wolf and William G. Howell said 95 percent of the students in their D.C. study were African American. Among the non-African American students, there were no significant differences in test scores between those who left public schools and those who stayed.

Parents of D.C. students using the vouchers were much happier with the private schools than the public school parents were with their schools. Forty-six percent of private school parents gave their school an "A," compared with 15 percent of public school parents. Sixty percent of private school parents, but only 20 percent of public school parents, were "very satisfied" with school safety.

Only five percent of private school parents and seven percent of public school parents said their elementary school child had been suspended. But 20 percent of parents of sixth- to eighth-graders in private school said their child had been suspended, compared with 3 percent among their public school counterparts.

The Washington Scholarship Fund supports 1,369 low-income District students in private schools, a large increase from earlier years in part because of donations from financiers Ted Forstmann and John Walton. The fund's president, Patrick Purtill, said he thought the study results were "pretty hopeful, but I don't want to draw too many big conclusions this early into the program."

Applications for an additional 200 scholarships are due March 31. About 70 percent of the participants are in Catholic schools, 16 percent in other religious schools, 9 percent in schools of undetermined affiliation and 5 percent in independent schools.



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GOVERNANCE IN THE NEW ECONOMY

SUMMARY

COMPETING FORCES BRING CHALLENGES AND OPPORTUNITIES

Globalization, technology, and deregulation are forces that are reshaping the economic environment and prompting changes in the way the nation governs. Most levels of government have begun to take small steps to accommodate these forces in their approach to governing. For example, the Internet is fast becoming an accessible and valuable source of information about government programs and services, and, in some cases, government services are available online.

Yet the government that "customers" of the twenty-first century want and expect is more accountable and responsive to their needs. This will require further devolution of federal programs and measures to assess performance.

In contrast, the international marketplace requires more uniformity. Businesses can no longer accommodate the existing patchwork quilt of state laws, regulations, and tax programs. Consequently, the federal government must have a greater role in setting uniform standards in many areas. However, in doing so, the federal government need not impose limits on states' sovereign powers. Careful thought must be given to which decisions could be moved to the federal government and which could be shifted to state and local governments.

To assist the United States in maintaining its world economic leadership and citizen support, governments at all levels must adopt new strategies such as the following.

- Reengineer government to become more flexible, adaptable, customer-oriented, and performance-driven. This includes focusing on results, decentralizing decisionmaking, and using technology to improve service delivery.
- Make strategic investments to build the intellectual and physical infrastructure needed in the new economy. This includes providing lifelong learning opportunities and enhancing transportation and telecommunication systems to support commerce and improve the quality of life.
- Reshape the economic environment to facilitate business expansion and eliminate market distortions caused by outmoded taxes and regulations. This includes revising tax systems, simplifying regulations, refocusing research and development on economic outcomes and commercialization, and increasing access to venture and seed capital.

Responding to the forces of change and implementing these strategies requires a dynamic federal-state partnership and new models of governance.

A NEW FEDERALISM IS REQUIRED

The current governance system that contributes to ad hoc, narrow-sighted decisions must be replaced with a new, broad vision of federalism. In developing a blueprint for this new federalism, guiding principles could include the following.

First, to develop more performance-oriented and accountable government, the roles and responsibilities of the respective levels of government need to be clarified. For example, should the federal government be responsible for all programs dealing with the elderly and disabled? Should states be responsible for programs focused on working Americans and their children? The current overlap in responsibilities could be reduced over time to increase performance and accountability.

Second, it is important to decide which level of government should create regulations and which level should enforce them. The higher the cost to industry of fifty different state regulatory systems and the more the issue is interstate, the more the responsibility begins to tip toward federal standard-setting. The lower the cost and the greater the need for experimentation, the more the scale tips toward state responsibility. State enforcement of federal standards would often be appropriate to develop the most flexible and cost-effective regulatory systems that protect consumers.

GOVERNANCE IN THE NEW ECONOMY

SOMETIME IN THE NOT TOO DISTANT FUTURE, GOVERNORS WILL MAKE DECISIONS ABOUT where in their state to target federal resources for economic development based on communities' ability to design and implement a plan that will achieve measurable results. At the end of the fiscal year, the state will provide the federal government with data that determine whether the economic development programs have succeeded in revitalizing the targeted communities. Citizens will participate in determining success or failure. The data will have to justify the expenditure of multi-agency funds from a flexible, federal account with predetermined measures of success. If communities have surpassed their economic development goals, the state will receive a federal funding bonus that can be spent on additional economic development efforts.

Take this scenario one step further and envision the communities as "customers." State and local leaders will be able to comprehensively and strategically plan for revitalized local economies, as a result of a single grant from the state's "economic development account" that the federal government funds. The grant will provide funds to retool outdated manufacturing facilities to accommodate new, high-technology businesses as well as to train workers to prepare for the new high-technology jobs. The support services that workers need, such as child care and transportation to training sites, will be provided in this same grant as part of a new, holistic approach to government services and programs. In addition, the marketing strategies to attract private-sector investment in these communities will be funded from the same grant, bringing the economic development cycle full circle. Each year, communities must show measurable progress, according to predetermined criteria established by the federal-state economic development partnership.

TO SOME, THIS MAY SOUND LIKE A GOVERNANCE MODEL FOR THE FUTURE. YET THE FUTURE IS NOW. AS THE WORLD HURTTLES FORWARD IN THIS GLOBAL AND DIGITAL AGE, THE NEED TO MAKE FUNDAMENTAL CHANGES IN THE WAY GOVERNMENT DOES BUSINESS TAKES ON ADDED URGENCY.

The National Governors' Association's *Governance in the New Economy* examines the forces shaping the U.S. economy and influencing American governance. It identifies guiding principles and new models to restructure the partnership between the states and the federal government to better serve citizens and businesses in the twenty-first century. It looks at governmental strategies and governance issues that leaders at both levels must address to enable the United States to compete in the new economy. It also explores innovative, customer-friendly ways to deliver and administer government programs and services.

Governance in the New Economy raises issues, poses questions, and discusses options to begin a debate on a blueprint for a new, more vibrant federalism. To jump-start the discussions, it looks at four critical areas of federal-state governance — discretionary grants, entitlement programs, tax and revenue systems, and regulation.

Third, additional federal programs for the nonelderly could be devolved to states to increase customer responsiveness, performance, and accountability. This trend was established several years ago for welfare, children's health care, and other programs. More experimentation with multiagency and multijurisdictional programs may also be needed.

Fourth, it is critical to coordinate and rationalize federal, state, and local tax systems. Such a restructuring will enable citizens and businesses to understand which level of government is taxing and which is providing services. It also is important to craft a simplified tax structure that is fair and equitable.

THE TASKS OF DEVELOPING GUIDING PRINCIPLES AND A BLUEPRINT FOR A NEW FEDERALISM WILL REQUIRE MUTUAL EFFORT AND COMMITMENT. ALTHOUGH IT IS CRITICAL THAT DEBATE BEGINS, GOVERNANCE MODELS MUST REMAIN FLEXIBLE TO ACCOMMODATE FURTHER CHANGE IN A CENTURY MARKED BY CHANGE.

MAJOR AREAS OF FEDERAL-STATE GOVERNANCE NEED RETHINKING AND RESHAPING

The existing federal-state governance system is antiquated, and it may fail during the next decade absent fundamental changes. The difficulty of reconciling historic and emerging tensions between the two levels of government should not divert policymakers from the task of restoring accountability and jointly shouldering the responsibility to shape the future and frame the questions that must be answered. The United States must steer a new course of governance for the new economy. In particular, four major areas of federal-state governance require considerable focus and attention—discretionary grants, entitlement programs, tax and revenue systems, and regulation. In each area, questions must be posed to provide a foundation for important discussions that need to begin today. Leaders who meet the challenge of answering these questions will be laying the groundwork for a dramatic culture change throughout government at all levels with regard to how this nation serves its citizens and businesses.

DISCRETIONARY GRANTS

Flexibility, accountability, and responsiveness to consumer needs are cornerstones of a new system for administering discretionary grants. Without flexibility, states cannot transform the grants into responsive, customer-driven programs. In exchange for flexibility, the federal government could ask states to ensure accountability by meeting certain performance measures. Specific strategies include consolidating similar categorical grants at the federal level or allowing states to combine disparate federal programs into a single grant. A more experimental model would aggregate federal dollars from various grant programs and give the funds to a consortium of state and local governments to meet the needs of a particular region.

ENTITLEMENT PROGRAMS

Historically, providing for the health and welfare of the nation's citizens has been a shared responsibility of the federal and state governments. In the past, the division of responsibility has been fairly straightforward. The federal government has been responsible primarily for assisting the elderly and the disabled. States have administered programs for children and low-income families. Although this is an oversimplification, states have been responsible for populations that will soon be in, are in, or may return to the workforce, while the federal government has been responsible for populations that have left the workforce.

These new "unofficial criteria" for determining eligibility have evolved as a result of legislative initiatives. However, to design a more coordinated, "citizen-as-customer" approach to providing the safety net, policymakers need to ask questions such as the following.

- Are these distinctions between federal and state responsibilities still meaningful?
- Should the responsibility for different populations be divided between the states and the federal government?
- How can programs with common goals be coordinated to improve service delivery?
- How can programs be designed to ensure flexibility and accountability?
- If policy reforms are made, how must financing change?
- What are the implementation concerns?

TAX AND REVENUE SYSTEMS

A public finance system for the twenty-first century must overcome the systemic and institutional shortcomings that handicap the current system. This will clearly require greater interstate and federal-state cooperation. Rethinking the nation's tax and revenue systems will also require finding ways to avoid tax competition among the different levels of government. New models should strive to meet several objectives, including simplicity, equity, accountability, neutrality and transparency, and sovereignty.

REGULATION

Regulatory models for the new economy should be cost-effective and customer-friendly for regulated entities and individuals, afford flexibility in how standards are met, and provide protection to consumers. Such models also need to respond to calls for uniform standards in an international marketplace. Where fifty different state rules and regulations are burdensome to the private sector and the issue is primarily interstate, then federal standards might be appropriate. Where the activity occurs primarily within state borders and there is a need to experiment with regulation, a state regulatory approach might be appropriate. Another model could use minimum federal standards while retaining states' abilities to impose higher standards.

AMERICA'S LEADERS MUST RESPOND

Most successful, information-age corporations recognize that their ability to create products and deliver services with smaller, flexible, and autonomous units of operation is critical to their ability to compete in the new economy. The same principle holds true for governments. Smaller, more flexible, and more autonomous governance structures will be far more effective in overcoming the inertia characteristic of bureaucracy and much better able to respond to the fundamental changes occurring in the U.S. economy and society.

The twenty-first century will bring together profound forces that will reshape how the federal, state, and local governments work together to serve America's citizens and businesses. Globalization, technology, and deregulation will forever alter the way this nation governs and will reconstitute the federal system.

The nation's leaders have an unprecedented opportunity to respond to these economic changes and forge a dynamic federalism that incorporates the extraordinary strengths and diversity of the United States. The writings of Woodrow Wilson are as relevant today as they were nearly a century ago: "The question of the relation of the States to the federal government is the cardinal question of our constitutional system. At every turn of our national development we have been brought face to face with it."

HOW GOVERNORS, TOGETHER WITH THE PRESIDENT AND CONGRESS, EMBRACE THE FORCES OF CHANGE AND RISE TO THE CHALLENGES AND OPPORTUNITIES THEY PRESENT WILL DETERMINE THE COURSE OF GOVERNANCE IN THE NEW ECONOMY AND THE CONTINUED PROSPERITY OF AMERICA IN THE TWENTY-FIRST CENTURY.

Since their initial meeting in 1908 to discuss interstate water problems, the Governors have worked through the National Governors' Association to deal collectively with issues of public policy and governance. The association's ongoing mission is to support the work of the Governors by providing a bipartisan forum to help shape and implement national policy and to solve state problems.

The members of the National Governors' Association (NGA) are the Governors of the fifty states, the territories of American Samoa, Guam, and the Virgin Islands, and the commonwealths of the Northern Mariana Islands and Puerto Rico. The association has a nine-member Executive Committee and three standing committees—on Economic Development and Commerce, Human Resources, and Natural Resources. Through NGA's committees, the Governors examine and develop policy and address key state and national issues. Special task forces often are created to focus gubernatorial attention on federal legislation or on state-level issues.

The association works closely with the administration and Congress on state-federal policy issues through its offices in the Hall of the States in Washington, D.C. The association serves as a vehicle for sharing knowledge of innovative programs among the states and provides technical assistance and consultant services to Governors on a wide range of management and policy issues.

Summary is from Raymond C. Scheppach and Frank Shafroth, *Governance in the New Economy* (Washington, D.C.: National Governors' Association, 2000)—ISBN 1-55877-330-4.

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Dear Nancy:

As per my conversation with Beth Dozoretz who spoke with the President, he has agreed to once again serve as Honorary Chair of the G&P Foundation for Cancer Research fundraising Gala scheduled for **Thursday, November 30, 2000** at the Marriott Marquis Hotel in New York City (see my attached letter of invitation; **note the date change.**)

I have also attached a copy of the letter we received for our last Gala from Daniel Burkhardt permitting us the use of the President's name on our invitation and printed materials.

We are anxious to receive a similar confirmation this year in order that we might move ahead with our "save the date" cards and our invitations. You will also find a copy of last year's invitation listing The President as Honorary Chair.

Kindly call Kay J. Wight, Executive Vice President of the G&P Foundation at 212.486.2575 once you have received confirmation of our request.

Thank you so very much for your assistance with this request.

With love,

Denise Rich

Nancy Heinreich
Deputy Assistant to the President
The White House
1600 Pennsylvania Avenue
Floor 1 West Wing
Washington, D. C. 20500

Kay J. Wight
Executive Vice President

February 25, 2000

Send to Burkhardt
Yes ☒
No ☐

Don't
Should do
for

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