

Weekly Reports for the Week Ending July 7, 2000

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THE PRESIDENT HAS SEEN

7-9-00

WEEKLY REPORTS
FOR THE WEEK ENDING
JULY 7, 2000

THE PRESIDENT HAS SEEN

7-9-00

THE WHITE HOUSE
WASHINGTON

July 8, 2000

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MR. PRESIDENT:

Attached are the following weekly reports:

- (A) **Weekly Economic Briefing**
- (B) **Update on Global Markets/Interest Rates and Stock Prices**
- (C) **NEC**
- (D) **DPC**
- (E) **Communications**
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- (M) **Race Initiative**
- (N) **Indian Affairs**
- (O) **Political Affairs**

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7-9-00

July 7, 2000

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Moore
VP
Podesta

MEMORANDUM TO THE PRESIDENT AND THE VICE PRESIDENT

FROM: Minyon Moore

SUBJECT: Weekly Political Report

WHITE HOUSE 2000

This week with the polls tightening, the Vice President hit hard on differences between his positions and those of Governor Bush on Medicare and the spiraling cost of prescription drugs, linking Bush and Congressional Republicans to the drug industry in much the same way as he linked Bush to corporate profiteers in the oil industry last week. The Vice President accused the drugmakers of price gouging and special interest schemes to keep costs high, and using populist language he said: "The question is are you for the people or the power?"

Governor Bush spent much of the week in Texas considering potential running mates and preparing for the GOP convention at the end of the month. He also spoke before the National Council of La Raza, where he sought to distance himself from past actions of the Republican Party, saying, for example, that California Prop 187 was "anti-newcomer," and that the English-only movement "was too divisive...it pitted people against each other."

Gore Campaign

Vice President focuses on prescription drugs; says Bush in pocket of drug industry. On Monday, the Vice President, accompanied by House Minority Leader Richard Gephardt, courted senior citizens and Hispanics in St. Louis by touting his proposal for a "real, comprehensive" prescription drug benefit that he said offers a stark contrast with Governor Bush. The Vice President said that Bush is in the pocket of the drug industry, citing the fact that Republicans have received about three times as much money from drug manufacturers as Democrats have. The Vice President said the drug companies wrote the Republicans' recently passed "Patients' Bill of Rights," which Bush supports.

The Vice President's drug proposal, which he offered earlier in the campaign, would provide a prescription drug benefit under the Medicare program, with the government paying half of the annual costs up to \$5,000. Aides said it would extend coverage to 40 million people at a cost of \$255 billion over ten years. The plan also would limit out-of-pocket costs to consumers to \$4,000. The Vice President said his plan would cover far more people than the more modest plan backed in Congress by Republicans. The Vice President also said his plan is best because it includes coverage under Medicare, while Republicans rely on insurance companies to provide the coverage.

Later in the day, the Vice President flew to California and at a Monday evening town hall discussion in San Diego before the National Council of La Raza, where he again emphasized health care and contrasted his views on affirmative action, child care, and education with those of Governor Bush, who spoke to the same group on Wednesday. The Vice President promised Latinos that, as president, he would end border-control policies that critics contend have contributed to more than 500 deaths along the U.S.-Mexico border. He also said he would abolish arbitrary federal policies that can result in deportations over minor offenses that happened many years ago. The Vice President sprinkled Spanish phrases throughout his speech such as 'Los quiero mucho' (I love you all) and at one point said: "Si, se puede!" (It can be done!), the battle cry of the United Farmworkers movement.

Vice President gains the endorsements of both national teachers' unions. On Tuesday, the Vice President picked up the endorsements of the American Federation of Teachers and the National Education Association. The 3.5 million members of the nation's two major teachers unions appear poised to offer the Vice President valuable political help in at least seven key states: Michigan, California, New Jersey, Pennsylvania, Ohio, Illinois and Wisconsin. The Vice President wants to provide preschool for every 4-year-old, give teachers signing bonuses to work in difficult schools and pump federal money into school construction, among other ideas totaling \$115 billion over a decade. Bush would spend \$13 billion over ten years and focus attention on holding low-performing schools accountable by imposing financial penalties and heightening scrutiny of test data, particularly among minority students. While Bush refrains from using the word "vouchers," he would let students at failing schools take \$1,500 of government money to a private school. The Vice President opposes vouchers, as do the unions.

Vice President calls on CBM to reveal donors' names. On Wednesday, the Vice President released the text of a letter he sent to Citizens for Better Medicare, asserting that: "The American people deserve to know who exactly is trying to influence this critical issue." In his letter, the Vice President decried the "unlimited secret amount of money" flowing to special interest groups seeking to sway the debate on critical issues. "I call on your organization to reveal the sources of your million-dollar campaign," the Vice President said, "so Americans can understand the real voices in this critical debate, not special interest cloaked in secrecy." The Vice President's campaign argues that Citizens for Better Medicare has spent up to \$30 million on television spots attacking the prescription drug benefit, and could spend as much as \$65 million. CBM responded that expanding Medicare to include prescription drugs is an expensive new program that threatens the financial health of the Medicare system, an allegation the Vice President rejects.

Vice President addresses African-American church convention. On Wednesday, the Vice President spoke to an audience of black church-goers in Cincinnati, imploring African American voters to help him bring America to even greater prosperity. During his speech, about 5,000 attendees of the African Methodist Episcopal Church conference rose to their feet. If elected president, the Vice President said, he would support affirmative action programs, end racial profiling by police agencies and push for tougher hate crimes legislation. He also touted the record of the administration over the last eight years, saying it has been good for African-Americans.

Vice President contrasts Medicare positions. On Thursday at a Chicago senior center, the Vice President drew a sharp contrast between himself and Governor Bush on the future of Medicare, promising to spend \$339 billion over ten years billions to shore up the program, as well as to add a prescription drug benefit, while criticizing Governor Bush for failing to lay out a detailed plan of his own. Using charts, the Vice President accused Bush of already proposing so much spending and tax cuts, that there would not be any more money for Medicare. The Bush campaign says Bush has been consistent in proposing to earmark \$5 trillion over five years to save and strengthen Social Security and Medicare, including a prescription drug benefit.

Iowa Professor says Vice President will win. On Thursday, University of Iowa Professor and election forecaster Michael Lewis-Beck said the Vice President will win 56.4% of the votes in November. Lewis-Beck has spent 20 years perfecting what he calls a formulaic model based on "objective, scientific data gathering" to predict presidential elections. Lewis-Beck predicted the President would win the 1996 election with 54.8% of the vote, and he actually won 54.7%.

Bradley to appear with Vice President next Thursday. On Thursday, it was announced that former Senator Bill Bradley will appear with the Vice President next Thursday for an event in Green Bay, Wisconsin.

Democratic Party platform released. On Friday, open hearings began on the Democratic Party platform in St. Louis. The platform articulates the Vice President's vision and includes some positions that are unpopular with some base supporters, such as support of free trade and teacher certification, but the weekend is expected to be very harmonious.

Bush Campaign

Bush makes deal with conservatives on party platform. Last Saturday, *The Washington Post* reported that supporters of Governor Bush have made a bargain with conservatives to leave hard-line anti-abortion language in the GOP platform that is far stronger than Bush's public position, in exchange for more centrist positions on education, women's health, public transit and immigration that are designed to appeal to key swing voters, including women, the elderly and suburbanites. Platform Committee Chair Governor Tommy Thompson denies such a deal has been struck. Abortion remains the most volatile issue within the Republican coalition and last week's 5-4 Supreme Court decision to overturn Nebraska's partial birth abortion law has raised the stakes for pro-life and pro-choice forces and could complicate Bush's efforts to mute debate on the issue. For example, last Sunday on ABC, Focus on the Family President Dr. James Dobson said: "I am warning [Bush] on the abortion issue. That's the central issue before us. That's the most significant moral issue of our time. We are the bloodiest nation in history. Forty million babies have died. And that's not negotiable. That's not negotiable."

In agreeing to retain such platform language as, "we support a human life amendment to the Constitution," Bush supporters expect to remove the 1996 language, "We will abolish the Department of Education." Another area has to do with tough policies with regard to legal immigration; Bush supports a less restrictive approach. Furthermore, Wisconsin Governor Tommy Thompson, Platform Committee Chairman, said this year's platform will contain a substantial GOP commitment to spend money on women's health issues, including increasing money for research and support for passenger rail and mass transit as alternatives to crowded highways.

Bush seeks to boost image with minorities. On Wednesday, speaking before the National Council of La Raza, Governor Bush expanded on his proposal last week to split the Immigration and Naturalization Service into a law enforcement part and service-providing part, by pledging \$500 million in new spending to cut the average time needed to process a citizenship application to six months. He also reiterated his call for improved schools, free trade with Mexico and his pride in running a state with a strong Latino influence and entrepreneurial spirit. Bush asked the crowd not to judge him on the past actions of members of the Republican Party but by the amount of time he was now spending in Hispanic neighborhoods.

On Thursday, Bush's birthday, the Tejano Democrats presented him with two prepaid phone cards and a round-trip bus ticket from Austin to Pharr. The ticket to Pharr was intended to get Bush to take his first trip to the "colonias" where some 400,000 people, mostly Hispanic, live in substandard conditions. The Vice Chair of the Tejano Democrats, Frumencio Reyes, said he hoped Bush would use one of the phone cards to call Texas Senators Kay Bailey Hutchison and Phil Gramm and ask them to rescind their opposition to El Paso Enrique Moreno's appointment to the Fifth U.S. Circuit Court of Appeals. Reyes added that he would like Bush to use the second phone card to call Texas Health Commissioner William Archer and ask him to resign.

VP
in need
to hit him
hard -
this is
hypocrite

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Archer, a Bush appointee, angered Hispanic groups by linking Texas's high rate of teen pregnancy to Hispanic cultural resistance to family planning.

Bush plans new kind of convention. According to *Time Magazine's* July 10 edition, Governor Bush is planning to change a number of traditions at the July 31-August 4 GOP convention in conformance with his theme "a New Kind of Republican." There will be no prime-time slots for elected officials, such as House Speaker Dennis Hastert or Senate Leader Trent Lott. One exception, however, will be Senator John McCain. Former President George Bush will, like all living GOP former presidents, be seen in a video tribute, instead of live, lest he overshadow his son and remind voters of the past. Instead of politicians, the convention's emphasis will be on nontraditional groups, such as women and minorities. For example, U.S. Reps. Henry Bonilla, J.C. Watts and Jennifer Dunn, will all rotate as emcee for the event.

Bush aides mull timing of possible Powell announcement. Prominent Republicans are urging Governor Bush to carefully time his expected announcement that General Colin Powell would be his Secretary of State so that it becomes a bombshell exploded during the Democratic National Convention August 14-17 in Los Angeles. According to a Fox News/Opinion Dynamics poll conducted June 28-29, General Powell has a whopping 80% trustworthiness rating, compared to 57% for both the Vice President and Governor Bush.

OTHER CAMPAIGN NEWS

Perot refuses to run. On Friday, after day-long meetings, supporters of Ross Perot failed to convince Perot to enter the presidential race, thus leaving the way clear for Pat Buchanan. Perot's decision leaves only two names on the ballot for the Reform Party, Buchanan's and John Hagelin's, a physicist whose Natural Law Party grew out of the teachings of Transcendental Meditation leader Maharishi Mahesh Yogi. Starting Wednesday, an estimated 1 million primary ballots will be sent to Reform Party members, voters who signed petitions to get the party on state ballots and any other registered voter who requested a ballot. Ballots must be returned by Aug. 9. The nominee will be announced at the Reform convention August 10-13 in Long Beach, California.

Brown wins Libertarian nomination again. On Sunday, Harry Browne, the Tennessee investment banker who represented the Libertarian Party four years ago, was selected to run again for the presidency. Browne acknowledged he has scant chance of ever moving into the White House, but said he hoped his campaign would reinvigorate his party. The party, which advocates individual liberties over expansive and expensive government programs, claims 30,000 dues-paying members.

Latinos cite difficulty of naturalization for not seeking citizenship. On Tuesday, a new survey of the nation's Hispanic population conducted by *The Washington Post*, shows that immigrants from Latin America are slow to seek U.S. citizenship because of the U.S. government's cumbersome naturalization process. This contradicts the long-held view that these immigrants are slow to seek citizenship because they maintain strong ties to their homelands. According to the U.S. Census Bureau, nearly four in five Latino immigrants are not U.S. citizens, far more than among immigrants of other ethnicities. Some are not eligible to naturalize because they entered the country illegally or have not lived here long enough, but many are longtime residents who have not applied for citizenship. The survey also found that the vast majority of Hispanic immigrants want to become citizens. Only 12% said they had no plans to naturalize at all.

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Report shows Hispanic poverty despite economic boom. On Wednesday, a report released by one of the country's leading Latino civil rights organizations, the National Conference of La Raza, shows that Latino workers are disproportionately concentrated in low-wage jobs that offer few benefits, a situation that has improved only marginally despite the nation's extended economic boom. The report shows married Hispanics with children continue to have higher poverty rates than comparable black and white families. The report played down the role of immigration in depressing wages and limiting worker benefits and instead said limited education and skill levels was the cause of the predicament many low-wage Latino workers find themselves in.

More than 100 GOP candidates request McCain's help. In the wake of last week's passage of campaign finance reform regarding section 527 organizations, Senator McCain has been asked by more than 100 Republican candidates to campaign in their districts. Candidates' internal polls in such states as Michigan, New Hampshire and California show that he is still the most inspiring politician in America. Though McCain has said there's no litmus test for his support, he has let it be known that any candidate voting against his proposal last week should not seek his support now.

GORE
has to be
able to
win this

CONVENTION 2000

Host Committee announces it won't accept tobacco money. On Wednesday, the Los Angeles host committee for the Democratic Convention formally agreed to decline contributions from tobacco companies in an attempt to show social responsibility. The committee, which had already been informally following the policy, is also declining contributions from gun manufacturers and lobbyists. The Republican National Convention has received \$250,000 from Phillip Morris, the nation's largest tobacco company.

Protestors outline plans. At a Thursday press conference, protest organizers discussed their plans for activities during both the Democratic and Republican conventions. Four protest themes are planned for the Democratic convention. On Monday, Tuesday, Wednesday and Thursday, respectively, at the Democratic Convention, there will be a parade entitled, "Human Need, not Corporate Greed;" events on racial, social and economic justice; events on political brutality; and events on global economic and environmental concerns. Also on Thursday, during the Vice President's acceptance speech, there will be a candlelight march with banging pots and pans. Similar events are planned for the GOP convention. Protest organizers said they planned nonviolent marches and civil disobedience, but they are worried about police brutality in the event of arrests.

U.S. HOUSE 2000

AR-04: A counterweight to the Black Framers endorsement. On Thursday, four black Democratic state representatives and one state Senator-elect endorsed state Senator Mike Ross (D) in his bid against Rep. Jay Dickey (R). The move was seen as a counterweight to the June 22 endorsement of Dickey by the local Arkansas chapter of the Black Farmers and Agriculturists Association. In addition, National Black Farmers and Agriculturists Association president John Boyd vowed to continue ethics charges against Dickey for remarks Dickey made in January that it would be difficult to persuade the Republican leadership to support the Black Farmers because they had not supported Dickey financially or politically.

U.S. SENATE 2000

Massachusetts: Robinson knocked off ballot, appeals to state Supreme Court. GOP Senate hopeful Jack E. Robinson, III was knocked off the ballot in his challenge to Senator Ted Kennedy. The State Ballot Commission knocked him off the ballot after ruling that he was 14

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signatures shy of the 10,000 he needed to be put on the ballot. Robinson submitted 10,139 signatures. However, after challenges by the state's Democratic and Libertarian parties, the Commission disqualified 153 signatures, many of which the Commission ruled were forged, leaving Robinson 14 short. Robinson has filed an appeal with the state Supreme Court, and insists he will be on the ballot in the fall. He blamed "the Kennedy machine" for his troubles.

New York: Reproductive choice issue prominent this week. In an interview on Monday with the *New York Post*, Rep. Rick Lazio (R) for the first time said he would scrutinize any Supreme Court nominee's position on abortion and consider those views when voting on confirmation.

~~Lazio has said he supports the *Roe v. Wade* decision but opposes imposing a "litmus test" for judges on the issue.~~ While reiterating his stance against imposing such a test for judicial nominees, he also said: "I think it's a consideration. I think, absolutely, you want to have that information in the record. ... You want to have as much information as you possibly can about a judge's philosophical proclivities and where they're headed and how they got there."

The National Abortion Rights Action League (NARAL) began airing an ad attacking Lazio on the choice issue. The ad features a woman speaking directly to the camera, saying: "I have one question for Rick Lazio. How would he vote in the United States Senate when it comes to the Supreme Court and abortion?" It concludes: "One Supreme Court decision could rob us of [the right to choose]. So how would Rick Lazio vote on Supreme Court nominations? It's a simple question. New Yorkers deserve a simple answer." The ad will run on cable in suburbs outside of New York City for about two weeks. NARAL said it plans to spend \$500,000 on the campaign against Lazio. Lazio consultant Mike Murphy called the ad a "smokescreen" and, as does virtually every Lazio surrogate, proceeded to say "the real difference" in this campaign is on late term abortion.

Lazio, who continues to promise supporters at public rallies that he will run a positive campaign, was asked this week to reconcile that pledge with a harshly negative fundraising letter that was recently sent over his signature. Lazio attempted to draw a distinction between letters to financial supporters and other modes of message delivery (such as television), saying that letters are "not part of mass communication" and that "it's not what you send to some donor list that matters. What matters here is ... how you are conducting yourself when you are speaking and what your commercials are saying." He also said: "Frankly these letters are written, you know, not by me. I'm not disavowing it, but they're not written by me." The First Lady responded by saying Lazio should rename his campaign vehicle the "Double-Talk Express," noting that "last week he was telling New Yorkers that he wasn't responsible for his voting record, this week he's telling us he's not responsible for his fundraising letters."

NATIONAL ISSUES

Death Penalty: DNA test raises questions about Texas murder case. On Sunday, continuing the controversy over how the death penalty is applied in this country and particularly in Texas, *The Houston Chronicle* reported that the case against death row inmate Michael Blair, convicted of the 1993 child molestation/murder of Ashley Estell, has gotten weaker due to DNA testing that was recently carried out, the quality of Estell's lawyer, and the fact that no eye witnesses could connect Estell with the victim. Appellate lawyers are arguing that the case should be overturned. In response to the crime the Texas legislature enacted "Ashley's Laws," which mandated longer sentences for child molesters and required notification of their whereabouts after their release from prison.

Gas prices: Gas prices will drop, but heating oil and natural gas costs predicted to be higher in winter. On Tuesday, NBC reported that while Saudi Arabia will increase its oil

production 500,000 barrels a day and that may lower gas prices, sharp increases in heating oil and natural gas costs are still predicted for this winter because supply is low due to the fact that utilities now use natural gas to power air conditioners all summer.

California prices on the way up. Contrary to the trend elsewhere, gas prices in California have continued to go up this week -- seven cents in a week -- and are still climbing. However, it is expected that the announcement by the Saudis will eventually save drivers 10-15 cents later this summer.

Illinois sales tax suspension lowers gas prices. On Wednesday, a gallon of regular unleaded gas in Chicago cost \$1.87, and a gallon of premium \$2.07, whereas one month earlier, regular unleaded cost \$1.97 and premium \$2.19. The recent decrease in gas prices across the Chicago-area can be partly attributed to actions by Governor George Ryan (R) and the General Assembly, which suspended the state's 5% sales tax on gas, and urged station owners to pass on the savings to the motorists. In some cases, prices had dropped by much more than 5%. Station owners believe this is as much the result of free market competition as political pressure. The move could cost the state as much as \$180 million over a six-month period. Despite the decrease, Illinois motorists are still paying the highest gasoline prices in the nation, according to AAA, compared with a national average of \$1.64.

On Wednesday, Senator Dick Durbin (D) announced that Illinois families and businesses should receive \$143 million in restitution from oil companies for gas-price increases if a federal investigation finds the companies guilty of collusion or price gouging. An informal survey conducted by Durbin's office cited \$143 million as the estimated effect that high gas prices have had on the area since May 15.

Price of gas continues to be a major issue in Abraham-Stabenow race. Senator Spence Abraham (R-MI) has launched a new radio ad called a "Michigan Driver Alert," which says: "Fuel prices are out of control. So Senator Spence Abraham has introduced new emergency legislation to suspend the entire federal gas tax of 18 cents a gallon for the next hundred and fifty days." Abraham also announced the beginning of an on-line petition campaign to roll back the federal gas tax: www.GasTaxBusters.com.

41% say Richardson should be fired. A Fox/Opinion Dynamics poll conducted June 28-29 showed that 41% of those surveyed said that President Clinton should fire Energy Secretary Bill Richardson, 39% said he should not, and 20% were not sure.

Campaign finance reform: Bill limiting contributions sent to Governor Davis. On Thursday, one day after winning overwhelming approval from the state Senate, a new campaign finance reform bill was adopted by the Assembly and sent to Governor Gray Davis. The bill is opposed, however, by a variety of good government lobbies as being weak. If Governor Davis signs the legislation, it will be subject to voter ratification on November 7. The proposal would, among other things, seek to impose appeal-proof limits on the astronomical contributions given to candidates for state offices. For example, donors could contribute no more than \$20,000 to a gubernatorial candidate per election, starting in 2006. This would enable Davis, for example, to run for reelection in 2002 unbound by contribution limits. By contrast Proposition 208, approved by voters in 1996 but since stymied by legal challenges, would restrict donations to candidates for governor to \$500 per election.

Missouri judge bans state parties from making unlimited donations. A Wednesday ruling by U.S. District Judge Catherine Perry in St. Louis ended a four-month period during which the

parties faced no restrictions on the size of contributions they could make. Parties, however, are free to accept virtually unlimited soft money donations from a variety of sources. Their ability to accept such high-dollar contributions was not affected by Wednesday's ruling. But the ruling does affect how parties spend that money. In 1994, Missouri voters passed an initiative that limited individual donations to \$275 to \$1,125, depending on the office sought. The initiative further limited what parties could give their candidates to 10 times the individual level set for a particular race. Both limits were then challenged in court. In January, the U.S. Supreme Court upheld the individual donation limits. Perry's order Wednesday reinstated the party limit. Both parties acknowledged Wednesday they had made sizable donations to their candidates in recent months.

Gay rights: Gay rights advocates rally in prelude to nation day of protest. On Wednesday, gay rights advocates rallied at the local headquarters of the Boy Scouts of America, protesting the organization's policy against gay members and Scout leaders and promising a national day of protest on August 21. About 65 people held placards with slogans such as "Bigoted Scouts of America" and "Stop Teaching Hate." In addition, last week's Supreme Court ruling that the Boy Scouts, as a private organization, could exclude openly gay leaders and members has presented some sponsors of the Boy Scouts, such as Safeco, with a dilemma because the companies have nondiscrimination policies that includes sexual orientation. A Safeco spokesman said that if the local Chief Seattle Council of the Scouts actually removed a gay leader or member, Safeco would have to reevaluate its sponsorship of the Scouts.

Supreme Court decision banning blanket primaries: Democrats want closed primary in Washington this September. A week after the Supreme Court ruled California's blanket primary unconstitutional, Washington Democratic Party Chair Paul Berendt sent a letter to Secretary of State Ralph Munro saying Democrats will go to court if necessary to get on a separate ballot for the September 9 primary. Washington, California and Alaska are the only states that have blanket primaries that allow primary voters to cast ballots across party lines. Alaska has already announced it will abandon the blanket primary in time for its August primary elections. But Munro says that changing this late would be an administrative nightmare.

Census, sampling and redistricting: Virginia seeks ruling on use of adjusted census data. The state of Virginia wants a federal court in Washington to rule promptly on whether Virginia's law barring use of statistically adjusted census data for redistricting complies with the Voting Rights Act. Last Friday, Attorney General Mark L. Earley's office asked the U.S. District Court for the District of Columbia for a summary judgment on a new state law mandating that raw census figures be the basis for redrawing the legislative and congressional districts next year. The Attorney General's office asks the three-judge panel to reject requests filed by the American Civil Liberties Union and a group of Democratic state legislators that oppose the law. Earley's office argued that an expeditious ruling is essential to ensure that the redistricting is finished in time for Virginia's 2001 legislative elections. Virginia, the motion notes, is among the few states to hold such odd-year elections. The motion was filed one day after the ACLU intervened.

STATE NEWS

ARKANSAS

Jim Guy Tucker will not have to pay restitution. On Monday, an 8th Circuit Court of Appeals panel ruled that former Governor Jim Guy Tucker will not have to pay \$1 million in restitution but federal prosecutors will get another chance to prove he owes at least that much. The Court of Appeals panel overturned the restitution portion of Tucker's sentence for conspiring to avoid paying taxes through a sham bankruptcy of a Florida cable TV company. The case was sent

back to federal court in Arkansas for re-sentencing on the restitution issue. The rest of the sentence stands: four years' probation, a \$6,000 fine and community service.

CALIFORNIA

Temporary replacement for Quackenbush appointed. On Wednesday, in a move worked out with Attorney General Bill Lockyer (D), Insurance Commissioner Chuck Quackenbush (R) appointed law professor J. Clark Kelso (R) as a temporary Insurance Commissioner when Quackenbush steps aside on Monday due to scandal. Kelso made it clear that he only intended to keep the position until Governor Gray Davis (D) can appoint a more permanent replacement. Davis said he hopes to appoint someone in the next 30 days, but he does not yet have a list of candidates. Nevertheless, insiders say that Rep. Gary Condit (D), who has expressed interest in the job, is a leading candidate for the position, even though Condit's departure from his swing House seat would hurt Democrats.

Following Quackenbush's resignation on June 29 for possible unethical conduct, Governor Davis (D) indicated that he would like to make the job appointive again. Davis admitted he supported Prop. 103 which "converted the post to an elected office, among other things" but that he was "never particularly in favor" of the provision making the Insurance Commissioner's job an elected position. Said Davis: "Now having seen two elected commissioners, I am more convinced that that part of the initiative might have been a mistake ... I will propose in the next 30 days some idea about what we should do about it." Davis, whose job it is to name a successor to Quackenbush, will probably find mixed support in the Legislature to repeal that part of Prop. 103. But Davis' support could propel a referendum onto the November ballot, allowing voters the opportunity to decide once again how they wish to see their insurance commissioner selected.

GEORGIA

State seen as next battleground over Confederate flag. It appears that Georgia will be the next battleground between those who say the Confederate insignia represents racism and those who say it salutes heritage. Georgia has flown a state flag that incorporates the Confederate flag into its design since 1956. Groups, including the National Association for the Advancement of Colored People and the Southern Christian Leadership Conference, are laying the groundwork to convince lawmakers to reinstate the state flag that Georgia used before 1956, which did not include the Confederate battle flag. At its national convention in July, the NAACP's Georgia chapter is expected to introduce a resolution calling for sanctions unless that state reinstates its pre-1956 flag.

NEW HAMPSHIRE

Chief Justice of state Supreme Court impeached. The state House's Judiciary Committee voted this week to impeach Chief Justice David Brock on three articles of impeachment that accused Brock of lying under oath during the investigation of charges against him, of improperly handling the appointment of special judges in a divorce case, and wrongfully intervening in a 1987 contract dispute involving a state senator who controlled judicial pay raises. However, the Committee voted by lopsided margins not to impeach or reprimand two other justices who were investigated, including Justice John Broderick, an early supporter of the President. The scandal that led to the impeachment vote emerged during the contentious divorce of former Justice Stephen Thayer, who has since resigned from the court to avoid prosecution. Thayer's wife appealed the outcome of that divorce to the Court. The entire Court then recused itself and decided to appoint a panel of other judges to hear the case. Thayer made a behind-the-scenes effort to prevent the court from appointing a certain judge to the panel, and Brock allegedly assisted this effort.

John Broderick was not accused of participating in any of this activity; rather, he has been criticized for failing to report it to the authorities. However, when the New Hampshire court clerk (who eventually did report what was going on) initially objected to Thayer's and Brock's attempts to influence the selection of the special court, Broderick reportedly told the clerk he agreed that the move was wrong, and also said the clerk should file an ethics complaint if he wished, and that Broderick would try to fix the situation from the inside. Broderick was reportedly quite effective in his testimony before the Judiciary Committee, saying he responded as a human being rather than a judge because Thayer's family life was falling apart. In light of Broderick's lack of active culpability in this matter, and his complete lack of participation in the other activities under scrutiny by the Committee, the Committee voted not to sanction him.

The full House will vote on whether to impeach Justice Brock on July 12. There is a possibility that some members will still attempt to impeach Broderick on the House floor (which the rules permit). However, it is considered extremely unlikely they will do so in light of the vote in the committee. It is unclear whether Brock will continue to fight if he impeached, or will simply choose to resign. If a trial goes forward, former Senator George Mitchell (D-ME) has agreed to advise the Senate on proceeding. This will mark the first such event in this state since 1790.

THE WEEK AHEAD

	POTUS	VPOTUS	FLOTUS	MEG
Monday, July 10	NGA Meeting in Pennsylvania, Fattah Reception and Klink Dinner in Philadelphia, Pennsylvania	Campaign Events in Connecticut and DNC dinners in New York	Campaign events in New York	
Tuesday, July 11	Middle East Peace Talks	Campaign events in New York and Washington, D.C.	Campaign events in New York	
Wednesday, July 12	Middle East Peace Talks	NAACP Convention in Baltimore and DNC dinner in New Jersey	Campaign events in New York	
Thursday, July 13	Middle East Peace Talks	Campaign events in Flint, Michigan and Green Bay, Wisconsin		Campaign events in Los Angeles, California
Friday, July 14	Middle East Peace Talks		Campaign events in Iowa	Campaign events in Los Angeles, California

POTUS Job Approval

Job Approval Rating	Fav/Unfav	Poll/Date Conducted
66%/29%	48%/47%	Fox News/Opinion (6/28-29)

Generic House Ballot

Generic Ballot	Matchup	Job Approval	Poll/Date Conducted
Democrats	47%	46%/39%	Field Poll (6/9-18) (California voters only)
Republicans	35%	32%/55%	
Congress	--	40%/48%	

House Races

State	Candidate	MatchUp	Poll/Date Conducted
MI-01	Rep. Bart Stupak (D)	73%	EPIC-MRA (6/22-26)
	RNC National Committee Member Chuck Yob (R)	18%	
	Undecided	9%	

Senate Races

State	Candidate	MatchUp	Fav/Unfav	Job Approval	Poll/Date conducted
MI	Rep. Debbie Stabenow (D)	42%	44%/17%	--	EPIC-MRA (6/28-7/5)
	Sen. Spencer Abraham (R)	45%	54%/21%	51%/33%	
	Undecided	13%	--	--	
NM	Senator Jeff Bingaman (D)	63%	53%/20%	--	Greenberg Quinlan Research Inc. (D) (6/19-22) (Bingaman campaign poll)
	Former Rep. Bill Redmond (R)	34%	26%/25%	--	
WA	Former Rep. Maria Cantwell (D)	37%	--	--	Mellman Group (D) (6/26-29) (Cantwell campaign poll)
	Senator Slade Gorton (R)	43%	--	--	
	Undecided	20%	--	--	
	Insur. Commis. Deborah Senn (D)	31%	--	--	
	Senator Slade Gorton (R)	46%	--	--	
	Undecided	23%	--	--	

Gubernatorial Races

State	Candidate	MatchUp	Poll/Date Conducted
WA	Governor Gary Locke (D)	43%	Elway Poll (6/18)
	State Sen. Harold Hochstatter (R)	3%	
	Radio Personality John Carlson (R)	15%	
	Undecided	39%	

Other Fav/Unfav

Person	Job Approval	Fav/Unfav	Poll/Date Conducted
California Senator Barbara Boxer (D)	50%/30%	--	Field Poll (6/9-18)
Senator Dianne Feinstein (D)	57%/26%	--	
Hillary Rodham Clinton (D)	--	53%/41%	Fox News/Opinion Dynamics (6/28-29)

Economic Outlook

Your feelings on...	Excellent/Good	Not So Good/Poor	Poll/Date Conducted
State of the nation's economy these days	70%	30%	ABC News/Money magazine (6/26-7/2)
State of your own personal finances these days	68%	32%	
Considering the cost of things today and your own personal finances, what kind of time is it to buy things you want and need?	49%	51%	

According to the Fox News/Opinion Dynamics poll (6/28-29):

- 35% think Attorney General Janet Reno should appoint an independent council to investigate Gore fundraising, 56% do not.
- 21% would prefer to have an independent counsel investigate Al Gore's fundraising practices"; 71% would prefer to "let the voters decide the issue at election time"; 8% were not sure.
- 49% approve, 26% disapprove, and 25% were not sure of Bush's job on the Texas death penalty.

THE
7-9-00

California

Question	Response	All	Democrats	Republicans	Other	Poll/Date Conducted
Which is better for California?	Gov. Gray Davis (D) as Governor	56%	58%	51%	60%	Field Poll (6/9-18)
	Gov. Davis as Vice President	18%	21%	19%	10%	
	No Opinion	26%	21%	30%	30%	
Idea of Gov. Gray Davis (D) as Gore's running mate	Like the idea	38%	47%	29%	32%	
	Don't like the idea	42%	34%	52%	39%	
	No opinion	20%	19%	19%	29%	
Inclination to support Democratic ticket with Gov. Gray Davis	More inclined	14%	20%	9%	9%	
	Less inclined	14%	9%	20%	14%	
	No effect/no opinion	72%	71%	71%	77%	

National Polls

Gore	Bush	Buchanan	Nader	Other/DK	Poll/Dates Conducted
39%	40%	--	8%	13%	Associated Press (6/21-25)
46%	45%	--	--	9%	Newsweek (6/29-30)
40%	41%	2%	6%	11%	
40%	44%	--	--	16%	Fox News/Opinion Dynamics (6/28-29)
37%	42%	2%	7%	12%	

Candidate	Fav/Unfav	Job Approval	Poll/Dates Conducted
Gore	54%/36%	55%/27%	Fox News/Opinion Dynamics (6/28-29)
Bush	59%/31%	--	
Gore	49%/17%	--	Associated Press (6/21-25)
Bush	44%/42%	--	

State Polls

New polls were released this week in Michigan and Tennessee.

State	Evs	Gore	Bush	Buchanan	Nader	Other	Poll/Dates Conducted
AK	3	--	--	--	--	--	--
AL	9	28%	52%	--	--	20%	USA Polling (5/29-6/1)
AR	6	25%	41%	5%	3%	26%	Behavior Research Inst. (released 6/9)
AZ	8	31%	45%	--	--	17%	Arizona State Univ. (5/18-21)
CA	54	46%	35%	2%	7%	10%	Field Poll (6/9-18)
CO	8	33%	47%	--	--	--	Rocky Mountain News/News4 (6/6-13)
CT	8	46%	41%	--	--	--	Hartford Courant /Connecticut Poll (6/20-26)
DE	3	42%	47%	--	--	11%	University of Delaware (5/17)
FL	25	50%	34%	--	--	--	Knight Ridder (6/30) (Hispanics voters only)
		39%	47%	2%	1%	11%	Maxon-Dixon (6/23-26)
GA	13	40%	46%	--	--	--	American Research Group (5/1-10)
HI	4	45%	37%	5%	--	13 %	Mason-Dixon (5/5-9)
IA	7	43%	51%	--	--	6%	Research 2000 (1/11)
ID	4	26%	52%	--	--	23%	Moore Information (R) (1/23-25 -- released 4/19)
IL	22	34%	45%	--	--	--	Wilson Research Strategies (6/5-6)
IN	12	33%	54%	--	--	13%	Howey Political Report (6/10-15)
KS	6	--	--	--	--	--	--
KY	8	34%	48%	--	--	13%	Preston-Osborne (6/5-16)
LA	9	34%	45%	4%	--	17%	Southern Media and Opinion (4/6-15)
MA	12	--	--	--	--	--	--
MD	10	46%	38%	2%	--	14%	Mason-Dixon (2/28)
ME	4	48%	36%	--	--	16%	Research 2000 (2/29)

State	Evs	Gore	Bush	Buchanan	Nader	Other	Poll/Dates Conducted
MI	18	40%	45%	4%	--	22%	EPIC-MRA (6/28-7/5)
		34%	46%	3%	8%	9%	
MN	10	42%	40%	4%		3%	Minneapolis <i>Star Tribune</i> Poll (6/12-18)
MO	11	42%	44%	3%	--	11%	Mason-Dixon (2.28)
MS	7	--	--	--	--	--	--
MT	3	34%	51%	3%	--	12%	Mason-Dixon (5/22-24)
NC	14	43%	50%	--	--	7%	Hickman-Brown(D)/Public Opinion Strategies (R) (5/31-6/4)
ND	3	--	--	--	--	--	--
NE	5	27%	54%	--	--	19%	<i>Omaha World Herald</i> (5/2-4)
NH	4	39%	49%	--	--	--	American Research Group (6/19-22)
NJ	15	45%	40%	--	--	--	Quinnipac College Poll (6/20-26)
		41%	37%	3%	7%	--	
NM	5	41%	41%	--	--	12%	Research and Polling Inc. (3/14-16)
NV	4	37%	49%	2%	2%	10%	Mason-Dixon (6/12-15)
NY	33	46%	35%	--	--	18%	<i>New York Daily News</i> /NY1 (5/30-6/1)
OH	21	41%	47%	--	--	--	American Research Group (5/1-10)
OK	8	32%	49%	--	--	--	<i>Tulsa World</i> (3/24-4/2)
OR	7	37%	40%	2%	7%	--	<i>Portland Oregonian</i> /KATU-TV (4/10-17)
PA	23	42%	45%	--	--	13%	American Research Group (5/1-9)
RI	4	39%	25%	--	--	36%	Brown University (2/21)
SC	8	--	--	--	--	--	--
SD	3	--	--	--	--	--	--
TN	11	45%	40%	--	--	--	<i>Knoxville News-Sentinel</i> (6/19-24)
TX	32	24%	57%	--	--	--	Scripps Howard Texas Poll (5/22-6/16)
UT	5	--	--	--	--	--	--
VA	13	41%	45%	--	--	15%	Virginia Commonwealth Univ. (5/1-9)
VT	3	46%	35%	3%	--	16%	Mason-Dixon (2/27)
WA	11	38%	39%	--	--	--	Elway Poll (4/11-12)
WI	11	37%	41%	--	--	--	Mason-Dixon (5/16-17)
WV	5	38%	47%	--	--	--	Ohio State University (4/19-25)
WY	3	--	--	--	--	--	--

Candidate Qualities	Fox News/Opinion Dynamics (6/28-29)		Newsweek (6/29-30)		Associated Press (6/21-25)	
	Gore	Bush	Gore	Bush	Gore	Bush
likeable	33%	40%	--	--	--	--
phony	34%	29%	--	--	--	--
tough	21%	52%	--	--	--	--
arrogant	27%	43%	--	--	--	--
experienced	44%	29%	--	--	--	--
genuine	37%	36%	--	--	--	--
knowledgeable on the issues	40%	27%	--	--	--	--
passionate about the issues	37%	29%	--	--	--	--
strong leadership qualities	--	--	52%	65%	32%	49%
honest and ethical	--	--	55%	59%	34%	36%
intelligent and well informed	--	--	74%	67%	--	--
cares about people like you	--	--	--	--	44%	34%
stands up for what he believes	--	--	--	--	38%	44%
has a vision for the future	--	--	--	--	46%	37%

In deciding your White House vote, potential Supreme Court Justice appointments will be:	%	Poll/Date Conducted
very important	36%	Newsweek (6/29-30)
somewhat	37%	
not too	12%	
not at all	13%	
didn't know	2%	
Who would do a better job appointing Supreme Court Justices?	%	
Gore	40%	
Bush	37%	

According to Newsweek (6/29-30)

- 25% have a great deal of confidence in the Supreme Court
27% said a lot of confidence
30% said some confidence
12% said little confidence
4% said none
2% didn't know
- 36% would prefer Justices who would rule in favor of allowing **affirmative action** preferences
52% would prefer Justices who would rule against that
3% said it makes no difference
9% didn't know
- 62% would prefer Justices who rule in favor of upholding **Roe V. Wade**
31% would prefer Justices who would rule against that
2% said it makes no difference
5% didn't know
- 43% said appointments to the Supreme Court determining whether women will retain the right to choose abortion will be a very important factor in deciding their vote for president
27% said it would be a somewhat important factor
14% said it would be a not too important factor
12% said it was not at all important
4% did not know

THE PRESIDENT HAS SEEN

7-9-00

THE WHITE HOUSE

WASHINGTON

July 7, 2000

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MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER *lynn*

CC: MARIA ECHAVESTE

SUBJECT: WEEKLY REPORT

Delta Regional Authority

- There will be remarks about the importance of the Authority in your speech to the National Governors Association on Monday. We are hoping there will be some time for you to meet quickly with the seven Governors and ask for their help in getting the Authority through the Congress. I am attaching a release from Congressman Shuster on the success of the Appalachian Regional Commission; the good news underscores the value of a regional approach.
- I know that you and Jack Lew discussed your calling Senator Domenici to ask for his help in getting the Authority into Energy and Water next week. That would be great.

Indian Country

- I received a letter addressed to you from Geraldine Bluebird from Pine Ridge. I've sent it to Staff Secretary to forward to you. I'll follow up with her.
- The Youth Center project that you proposed is finally ready to go. A memorandum from the Chiefs of Staff at the Department of Agriculture and HUD is coming to John Podesta and will propose that you do an announcement here that will precede a ground-breaking and blessing at the site in Pine Ridge. I will prepare a scheduling request right away, since I know this is important to you and you want to start this while you are still in office. It's been a good interagency effort, with wonderful help from the Boys and Girls Clubs and our friends at Power Up Foundation.

OK



Jul. 7, 2000 10:12am

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FROM: JustinHarclerod

No. 5301

P. 3/3
PAGE:001/001

Maria, Lutz, Adrienne

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Committee on Transportation and Infrastructure U.S. House of Representatives

**Congressman Bud Shuster, Pennsylvania
Chairman**

For Immediate Release

June 28, 2000

Shuster Applauds Successes of Appalachian Regional Commission

New Study Highlights Significant Economic Impact of ARC Investments

Washington – Transportation and Infrastructure Committee Chairman Bud Shuster today released a new study that highlights the economic benefits of the Appalachian Regional Commission (ARC), a partnership of 13 states whose goal is to foster economic development in the Appalachian area.

Conducted by two leading economic research firms, the study looked at 99 ARC projects, including industrial parks, water and sewer systems, and business incubators, in its member states from Mississippi to New York. The projects studied were funded at a total of \$32.4 million between 1990 and 1997, and produced numerous benefits to the economic well-being of the Appalachian region, including:

- 23,777 new jobs directly created, and 20,954 new jobs indirectly created
- \$576.9 million in new wages produced annually by the created jobs
- \$57.4 million in various state and local tax revenues generated annually
- Over \$3 billion in private sector investment tied to the ARC projects
- 10 percent of the total job growth in two-thirds of studied counties

"The impact the ARC has on the people of the Appalachian region is evident – thousands of new jobs, millions in new wages, and other benefits that significantly outweigh the costs of investment," said Shuster. "An investment in people is the greatest investment we can make, and the ARC has improved the lives of countless individuals in an area of the country that is often overlooked by economic expansion."

The study was conducted by the Brandow Company of Camp Hill, PA, and the Economic Development Research Group of Boston.

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THE PRESIDENT HAS BEEN

7-9-00

THE WHITE HOUSE
WASHINGTON

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July 7, 2000

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

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

ACTIVITIES

ABC Television Interview--I did an interview with ABC News that will be aired on its weekend news reports. They called to ask about the status of the office and the projects we have been working on. They also expressed a strong interest in the book, and pressed hard to get information on when you intend to release it.

African-Americans in Agriculture—I met with a representative of the Kunta Kinte-Alex Haley Foundation and the Agricultural Art & Science Foundation, relative to a traveling multi-media exhibit that would highlight the contributions of African-Americans to the agricultural development of this country. They have met with, and secured financial support from, the Department of Agriculture and plan to meet soon with representatives of the departments of Labor and Education. Additionally, they are seeking a grant from the Smithsonian Institute that would allow them to run the exhibit for two years.

INDIANAPOLIS

Under Mayor Bart Peterson's leadership, the Indianapolis Race Summit has received a "Best practices award" from the U.S. Department of Housing and Urban Development. Held in January, the Mayor's Summit on Race was attended by more than 900 people who braved a snowstorm to attend. Since the summit, he has appointed the most diverse Administration in the history of the city.

CABINET RACE INITIATIVE WEEKLY

Department of Commerce

Public Meeting, Request for Comment on Minority Media Ownership: On July 18, DOC's National Telecommunications and Information Administration (NTIA) will host a roundtable discussion on minority media ownership in a changing industry. The discussion will include broadcasters, policy makers, and public interest advocates and will be open to the public. Among the topics will be ways to improve prospects for minorities to acquire media properties.

In addition, NTIA released a *Federal Register* notice requesting public comment on ways to preserve diversity in the media.

Department of Energy

Alaska Native Small Business Conference: DOE and the National Indian Business Association will co-host the Alaska Native Small Business Conference in Anchorage, AK, on July 11-13. The Conference will focus on Secretary Richardson's Native American Initiatives and DOE's procurement of goods and services from Native American and Alaska Native small businesses. A Memorandum of Understanding between DOE and the National Indian Business Association will be memorialized.

Environmental Protection Agency

Quinault Nation Water Grant: EPA will award a \$130,000 Water Quality Program Development grant to the Quinault Indian Nation to establish water quality standards and enhance human and aquatic life, conserve and protect ecosystems, improve ambient conditions, and conduct ongoing monitoring activities.

Department of Justice

Tour of Reservation: On June 14-16, U.S. District Judge Bruce Black and representatives from the U.S. Attorney's office in NM, the Executive Office for U.S. Attorneys, the FBI, and the Federal Public Defender's Office toured the Navajo Indian Reservation and met with residents.

Department of Health and Human Services

Health Disparities Initiative: An interagency agreement between AoA and CDC is being finalized to expand CDC's Racial and Ethnic Approaches to Community Health 2010 (REACH 2010) initiative to permit four communities to develop science-based, community demonstration projects which address health disparities in elderly and racial minority populations. In early July, AoA expects to announce the availability of funds to support four separate demonstration projects -- opportunities for collaborative planning and implementation strategies involving both state health departments and state offices on aging.

On July 13, Secretary Shalala will meet with Dr. Mohammad Akhter, President of the American Public Health Association (APHA), to discuss HHS's collaboration with APHA on the Initiative to Eliminate Racial and Ethnic Disparities in Health.

Department of Labor

Minority Contractors: With the goal of attracting and retaining more women and people of color on Federal contractor construction projects, DOL and GSA will formally agree to work closely in awarding and monitoring Federal construction contracts worth more than \$50M. A Memorandum of Understanding, signed on July 6, emphasized affirmative action from bidding through construction.

Department of Transportation

NAACP Veterans Dinner: On July 12, Secretary Slater will deliver the keynote address at the NAACP 25th Annual Armed Services and Veterans Affairs Dinner in Baltimore, MD. His remarks will focus on transportation as a mechanism for social change and opportunity in America. He will also attend the NAACP Freedom Fund Dinner on July 13.

Small Business Administration

Increasing Black Veterans Access to SBA: On July 6, SBA's New York District Office signed an agreement with Black Veterans for Social Justice to increase access to SBA programs and resources for the group.

Service Core of Retired Executives (SCORE) meets with NAACP: On June 26, Executive Director Ken Yancey and Score Board Member Flori Roberts met with Jennine Auerbach, National Project Manager for the NAACP, and Henry B. Hicks, a leader at Bank of America. The discussion centered on a possible SCORE/NAACP alliance and a pilot program to bring SCORE presence to some NAACP offices to better serve the African-American community and encourage recruitment of African-American counselors.

New Markets—Native American Economic Development Summit: On June 25th and 26th, SBA participated in a conference sponsored by Senator Max Baucus in Great Falls, MT attended by over 1,000 participants. SBA moderated a panel entitled "High Tech/Mentoring and Technical Assistance." SBA also served on two other panels: "High Tech Development on the Reservation" and "Investment Opportunities for Indian Country." Former Treasury Secretary Robert Rubin was the keynote speaker.

THE PRESIDENT HAS SEEN

7-9-00

THE WHITE HOUSE

WASHINGTON

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JULY 7, 2000

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARY BETH CAHILL
DIRECTOR, OFFICE OF PUBLIC LIAISON

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Cahill
Podesta

SUBJECT: WEEKLY REPORT (July 1 to July 7)

I. ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES:

CHINA PNTR

Business Community Anxious Over Thompson Non-Proliferation Bill. The business community fears the legislation could have an adverse impact on PNTR for China. Given that the Administration is publicly against the bill, Democratic lobbyists have begun to urge the Administration to issue a Statement of Administration Policy, effectively ensuring a veto. Administration officials addressing the business coalition did not rule out an eventual SAP, but strongly suggested that the business community continue its campaign to educate the Senate on the inherent problems of the Thompson bill.

PATIENTS' BILL OF RIGHTS

PBOR Coalition Please with Continued Attention to Patients' Rights. The Coalition applauded your action in Columbia, MO, on Thursday, and continues to organize media events in key states.

II. CONSTITUENT OUTREACH AND OTHER ISSUES:

DISABILITY OUTREACH

OPL Helps Unveil Smithsonian's "Disability Rights Movement" Exhibit. On Thursday OPL delivered remarks and then officially opened the exhibit, which features four showcases about the history of disability rights activism in the twentieth century. Of particular interest are the cross-disability information kiosks that duplicate the entire exhibit through visual and audio descriptions, graphic images, captioned video clips, and other accessible design features. The exhibit is a model of cross-disability accessibility and will remain on display for at least a year.

7-9-00

*ETHNIC OUTREACH***OPL Facilitates Meeting between Arab-American Leaders and the National Security Council.**

Jim Zogby, President of the Arab-American Institute, requested a meeting with NSC to voice the concerns of Lebanese and Syrian Americans, who feel that Middle East policy discussions typically fail to address their interests. The group included Arab American community leaders from across the country, some of whom who had not been to the White House before. Zogby reaffirmed the group's desire to help sell a peace agreement through the formation of a "peace constituency" consisting of Arab and Jewish Americans. They also seek a substantial increase in aid to Lebanon to assist refugees and the rebuilding of the country.

*GAY/LESBIAN OUTREACH***Baltimore Rally Begins Summer of Protest Against the Boy Scouts of America (BSA).**

More than 100 activists gathered at the Baltimore Boy Scouts' headquarters and called for an end to its policy of discrimination based on sexual orientation. Governor Glendening supported the activists in a letter stating: "If we saw headlines reporting that the Boy Scouts of America had decided to ban African-Americans or Muslims or Jews from serving as scoutmasters, the public would react with justifiable outrage." Some activists are now saying that if the Supreme Court recognizes the BSA as a private organization with the right to discriminate against people based on sexual orientation, then Congress should revoke its Congressional Charter, public entities should not sponsor BSA troops, and you should resign as Honorary President.

JEWISH OUTREACH

Meeting with Families of Iranian Jewish Prisoners. Reaction to your meeting was very positive among the American Jewish community. Perhaps not surprisingly, the prisoners' lawyers said on Thursday that statements made by foreign Jewish groups were not helping their clients. They refuted some of the points made about the prisoners' conditions. They also said that a news conference at which they had planned to address "contradictions" in the 71-page verdict had been postponed indefinitely or at least until "the current media hype, which is counterproductive, dies down." Meanwhile, they are proceeding with work on the appeal.

RELIGIOUS OUTREACH

Council on American-Islamic Relations (CAIR) Releases Political Poll. A poll of likely Muslim voters suggests that this is an important block still sorting itself out politically. While 90% of their respondents said they would vote in November, nearly 25% remain undecided, 33% would support Gore, and 25% would go for Bush. When asked which party best represents the interests of their community, 43% said they were undecided or that neither party addressed Muslim concerns. But 31% favored the Democratic Party, compared with just 17% supporting the Republican Party. On moral issues such as abortion and same-sex marriage, 64% of respondents supported Republican positions. On foreign policy, almost half of the respondents said that they were undecided or that they did not support the policies of either major party. (Anti-Muslim stereotyping and bias were top domestic concerns.)

44% would
vote in Nov
33% Gore
25% Bush
43% undecided
or neither
party
31% Dem
17% Rep
64% support
Rep on
moral
issues

7-9-00

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THE WHITE HOUSE
WASHINGTON

July 7, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. T.M.
KRIS M. BALDERSTONSUBJECT: Summary of Cabinet Weekly Reports
July 1 - 7, 2000Copied
Marshall
Balderston
PodestaDEPARTMENT OF THE TREASURY

- **Estate Taxes:** On July 11, the Senate expects to begin debate on legislation repealing the estate tax, which was passed by the House in June. The first vote, probably on a cloture motion, is not expected before July 13, unless negotiations between Senator Lott and Senator Daschle reach an unexpected breakthrough. Secretary Summers and Deputy Secretary Eizenstat have placed telephone calls to key Senators, urging them to support the Democratic alternative and to oppose cloture and repeal. The Secretary has written an op-ed piece for *The Washington Post* that will likely be published next week. You have indicated that you will veto the legislation if presented to you in its current form.
- **U.S.-China Financial Dialogue:** On July 11, Assistant Secretary for International Affairs Truman and Federal Reserve Bank Governor Meyer will join Chinese Vice Minister of Finance Jin Lique in co-chairing the inaugural session of the U.S.-China Financial Dialogue in Washington, DC. The purpose of the Dialogue is to provide a forum for an in-depth discussion of key financial sector development issues, particularly in the area of capital markets, where the Chinese government proved relatively cautious in WTO negotiations. The Dialogue, an annual event rotating between Washington and Beijing, will provide an opportunity to have a positive influence financial sector developments at an important juncture in China's reform process. The delegations will be composed of banking and securities regulatory agencies.
- **Medicare Technical Panel:** On June 28-29, Treasury's Office of Economic Policy and representatives of HHS attended the first meeting of the Medicare Technical Advisory Panel. The Panel consists of seven outside experts, and was established by HHS at the request of the Medicare Board of Trustees to review the assumptions and methods used in

developing Trustee reports on Medicare. The Panel discussed Medicare expenditures, projection methodology, long-range growth assumptions in health care, and use of forecasting techniques. With regard to the key assumption that Medicare cost growth per person would eventually slow to the rate of GDP growth per capita, the Panel was skeptical given the past growth rates in Medicare, but also was unclear about how to reach consensus on an alternative assumption. Additional meetings have been scheduled in July and September, with the goal of producing a report for review at the fall Trustees meeting.

DEPARTMENT OF JUSTICE

- **NYC Money Laundering Ring:** On June 27, seventeen defendants, many of them current and former NYC employees, were charged in separate complaints with conspiracy to launder money and making bank deposits of more than \$2M that were structured to avoid currency reporting requirements. Eleven defendants were arrested, and the others are being sought as fugitives.
- **Special Education and Juvenile Justice:** In mid-July, DOJ expects to publish *Special Education and the Juvenile Justice System*. The bulletin discusses how youth in the juvenile justice system are more likely to have previously undiscovered disabilities and analyzes the relevance of the Individuals with Disabilities Education Act to the juvenile justice process.

DEPARTMENT OF THE INTERIOR



CA Desert Lands: On July 12, BLM is expected to take title to 97,800 acres of private inholdings owned by the Catellus Development Corporation spread throughout the CA Desert. This transaction, which includes an acquisition by NPS in the Mojave Preserve, was made possible using \$15M of Land and Water Conservation Fund (LWCF) appropriations and \$30M in private funds from Wildlands Conservancy of Oak Glen.

DEPARTMENT OF AGRICULTURE

- **Water 2000:** On July 10, USDA will hold the sixth annual Water 2000 project rollout. This year's project list includes 112 safe and clean water projects in 41 states. The \$312M in total funding (\$225M from USDA, and \$87M from a variety of other public sources) will serve high quality, dependable water to more than 44,000 people upon completion of construction. Approximately one-third of Water 2000 recipients are in presidentially designated Empowerment Zones and Enterprise Communities, in Hispanic communities on the nation's southwestern border, and on Native American reservations and Alaskan Native villages.

- **FY2001 Appropriations:** The House and Senate Appropriations Committees have completed markup of the FY2001 Agriculture Appropriations bill. In House deliberations, nine amendments have been adopted, including an amendment eliminating funding for the Under Secretary of Natural Resources and Environment. USDA will work with Committee staff to delete this provision. The House also passed an amendment striking a Committee prohibition on the use of funds for the American Heritage Rivers initiative. Language lifting sanctions on sales of food and medicine is in the version of the bill under consideration on the floor, but is subject to a point of order. It is expected the House will resume consideration of the bill on July 10. The bill, if passed in its present form, would draw a veto recommendation.
- **Conservation Reserve Program (CRP):** On July 6, USDA announced the approval of additional emergency haying on CRP land, helping ranchers deal with hardships imposed by the long-term drought. To be eligible, counties must have suffered a 40 percent reduction in rainfall, as well as a 40 percent loss of normal forage. Producers who hay their CRP land will have a 25 percent reduction in program rental fees. As of July 3, USDA has approved grazing of CRP acreage in counties in 11 states (AL, IA, ID, KS, MO, MT, NE, NM, OK, TX, WY), helping livestock producers cope with long-term drought.
- **Commodity Markets:** Slow farmer selling and fears of quality problems helped boost wheat prices. Widespread rain in the Corn Belt led corn and soybean prices down. Rice cash prices were unchanged, but new-crop futures rose in anticipation that USDA would show fewer acres planted in the June 30 *Acreage* report. Cotton prices fell on major exchanges due to quality concerns and improving crop conditions. Cattle and hog prices dropped as slaughter schedules for the July 4 holiday week are shortened. Cheese prices were virtually unchanged. Butter moved slightly higher as increased quantities of cream moving to ice cream and milk production slows seasonally.

DEPARTMENT OF COMMERCE

- **FY2000 Supplemental Appropriations:** On June 29, DOC's Economic Development Administration received \$55.8M for planning assistance, public works, and capitalization of revolving loan funds to assist communities impacted by Hurricane Floyd and other natural disasters. Of the amount appropriated, \$30M is designated for NJ and will be available upon your request. NOAA was appropriated \$62.7M, including: \$10.8M to assist fishermen impacted by Hurricanes Dennis, Floyd, Georges, and Mitch, assistance for the Northeast multi-species fisheries failure, and relief from the Long Island Sound Lobster Fishery disaster.

DEPARTMENT OF LABOR

- **One America:** With the goal of attracting and retaining more women and people of color on Federal contractor construction projects, DOL and GSA will formally agree to work closely in awarding and monitoring Federal construction contracts worth more than \$50M.
- **Retirement Savings:** On July 18, Secretary Herman will host an event to commemorate the fifth anniversary of the DOL's Retirement Savings Education Campaign. She will be joined by Treasury Secretary Summers, Members of Congress, and leaders of other organizations in the savings education community to announce initiatives to address the remaining challenges in helping Americans to save for a secure retirement.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Human Genome Project:** On July 10, the House Science Subcommittee on Technology will hold a Town Meeting at NIH to discuss issues regarding the Human Genome Project.
- **HIV/AIDS:** On July 7, the Health Resources and Services Administration expects to announce first-year funding of nearly \$3M to support five community-based health-care organizations and one evaluation center for improving and evaluating early detection of HIV. The money will also fund health care services for people with HIV and AIDS living in the U.S.-Mexico border region. A total of \$14.3M will be awarded during the five-year program.
- **Health Disparities Initiative:** An interagency agreement with CDC is currently being finalized to expand CDC's Racial and Ethnic Approaches to Community Health 2010 (REACH 2010) initiative to permit four communities to develop science-based community demonstration projects that address health disparities in elderly and racial minority populations. Disparities in the areas of cardiovascular disease, diabetes, and immunizations among African Americans, Asian American and Pacific Islanders, Hispanics, and American Indians and Alaskan Natives will be targeted.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Safer Guns Coalition:** Officials from 515 state and local governments around the nation have now joined the Communities for Safer Guns Coalition, up from 411 at the end of April. Last week, the House approved an amendment that would prohibit HUD from spending funds to administer the Coalition. The Senate has yet to take up the HUD appropriations bill.

- **Honduras Hurricane Reconstruction:** \$4.1M in HUD assistance will help as many as 6,000 Honduran families move out of temporary housing, where they have been living since Hurricane Mitch struck in November 1998, and move into new housing built to withstand powerful storms. The HUD assistance will help provide long-term planning for the development of new and reconstructed communities, create local community organizations to speed planning and development activities, rebuild damaged infrastructure, provide financing for home repairs, and provide training in reconstruction and building technology.
- **Gun BuyBack:** The Prichard Housing Authority will reprogram \$5,245 of its FY1999 Public and Indian Housing Drug Elimination Program grant funding and will receive \$2,255 in matching funds from HUD for a total of \$7,500 for its Gun Buyback Initiative. The Authority seeks to remove approximately 150 guns off the street in exchange for \$50 per gun. They will achieve this goal by utilizing public service announcements, press conferences, and releases.

DEPARTMENT OF TRANSPORTATION

- **Airline Customer Service:** During the week of July 3, DOT's Inspector General reported that the airlines are at the six-month point in implementing their customer-service plans. While the airlines are making a clear and genuine effort to strengthen the attention paid to customer service, bottom-line results are mixed and the airlines have a long way to go to restore customer confidence. The commitment addresses such matters as improving communication with passengers, quoting the lowest available airfare, and timely return of misrouted or delayed baggage. However, the commitment does not directly address underlying reasons for customer dissatisfaction, such as extensive flight delays, baggage not showing up on arrival, long check-in lines, and high fares in certain markets. DOT made suggestions to the airlines to improve and strengthen customer service plans, and will issue a final report in December.
- **ABA Meeting:** On July 10, Secretary Slater will address the American Bar Association's Annual Meeting in NYC.

DEPARTMENT OF ENERGY

- **University of California Weapons Labs Contract:** On June 30, Secretary Richardson informed the University of California that its contract for managing DOE's national weapons laboratories must be restructured in order to make much-needed improvements in security and other operations. DOE will immediately begin negotiations with the University to bring into its operations specific security and management expertise to implement these improvements. Secretary Richardson will receive recommendations by September 5.

- **Oil Conference:** On July 14-15, DOE and the Spanish Ministry of Economy will sponsor a World Oil Market Data Conference in Madrid. The purpose of the Conference is to bring together policy makers of oil producing and consuming countries, oil market experts, industry representatives, traders, investors, and analysts to discuss ways to limit market volatility by improving the quality and availability of oil market data.
- **Summer Energy Emergency Exercises:** The Northeast and Southwest Summer Energy Emergency Exercises will be held during the second week of July. The Southwest exercise is scheduled from July 10-11 in Reno, NV with representatives from state and local agencies in NM, AZ, CO, UT, NV, and CA, as well as local and regional electricity generation and transmission organizations and several Federal agencies. The Northeast exercise will be held in Newport, RI on July 13-14 with representation from NY, CT, MA, RI, NH, VT, and ME.
- **Prescribed Burns:** As a result of the wildfires at Los Alamos, DOE declared a moratorium on prescribed burns at DOE sites. DOE's Office of Environment, Safety, and Health will lead a working group to review existing DOE policies and practices on prescribed burns and provide recommendations for DOE policy and criteria. The working group consists of both DOE and contractor personnel with knowledge of prescribed burns, fire safety, ecological impacts, and resource and contingency planning.
- **Gasoline Prices Down, Stocks Up:** Gasoline futures and spot prices east of the Rockies dropped last week, again led by declines in the Midwest. Although crude oil prices gained slightly as markets continued to digest the June 21 OPEC agreement to increase production quotas, improvements in refinery operations and overall supply pulled most gasoline prices lower. Market fluctuations ahead of July NYMEX product futures expiration, as well as the extended Independence Day holiday weekend, were also factors. The New York Harbor spot price for conventional regular gasoline fell 4.81 cents from Monday, June 26 to 93.92 cents per gallon on June 30, while the Los Angeles CARB RFG spot price jumped 7.00 cents to 123.00 cents per gallon. (The spot price for West Texas Intermediate crude oil at Cushing, Oklahoma went from \$31.56 per barrel to \$32.44 per barrel during the same time period.) The U.S. average retail price of regular gasoline fell for the second straight week, dropping 3.3 cents to \$1.625 per gallon as of July 3. The average was 50.0 cents per gallon higher than a year ago. Prices declined for most regions and formulations, led by very strong decreases in the Midwest. Prices on the West Coast moved upward in response to recent increases in wholesale markets there. Total motor gasoline stocks were up 0.2 million barrels to 204.5 million barrels on June 30. Total motor gasoline stocks at the primary storage level were 12.7 million barrels below the level for the same week last year.

DEPARTMENT OF EDUCATION

- **Add Fifth Year to High School:** On July 3, *The New York Times* reported that the President of the American Federation of Teachers, worried that the new academic standards required for a diploma in many states are impossible for hundreds of thousands of students to meet, proposed that schools add an optional fifth year to high school. Her plan would call for a transitional year program, either before ninth grade or in high school, in which adult-literacy specialists would help teenagers lacking basic skills catch up so they could confront more challenging course work.

DEPARTMENT OF VETERANS AFFAIRS

- **KS Medical Center on Historic Sites List:** The National Trust for Historic Preservation has VA's Leavenworth, KS, Medical Center as second on its list of the eleven most endangered historic sites in the country. The list of private and public buildings is released annually to bring public attention and financial support to historic sites that are threatened by neglect or demolition. Local VA officials have discussed demolishing some of the facility's 39 buildings in order to transfer the land to the adjacent VA national cemetery.

ENVIRONMENTAL PROTECTION AGENCY

- **Cleaner-Burning Gasoline:** EPA has proposed a rule that would make it easier for oil refiners to use ethanol in reformulated gasoline (RFG), while maintaining the air quality benefits of the program. The action recognizes the full environmental benefits of ethanol and ensures that it will continue to play a role in the RFG program. Specifically, the proposal recognizes that the use of ethanol, more so than other oxygenates, reduces the emission of carbon monoxide, a pollutant that contributes to smog formation. Using ethanol as a gasoline additive makes the gasoline evaporate more readily. EPA's proposal would allow refiners to offset a slight increase in the evaporative property of gasoline in exchange for the carbon monoxide reductions derived from using ethanol.
- **One-Hour Ozone Standard:** On July 5, EPA issued a rule reinstating its one-hour ozone standard. EPA earlier revoked this standard after promulgating a more protective eight-hour standard in July 1997. Last summer, however, a Federal appellate court remanded the eight-hour standard to EPA. EPA has appealed that decision and the Supreme Court has agreed to hear the case. In the meantime, EPA believes that it is critical to reinstate the 1-hour standard so that there will be a minimum, enforceable Federal air quality standard in place for ozone. Several areas are concerned that they will once again be designated in "nonattainment" for the ozone standard even though their current air quality data shows that they attain the standard. The nonattainment designations are required by the Clean Air Act until the areas get a plan approved by EPA.

to ensure they will continue to attain the standard in the future. EPA is addressing this concern by providing a six-month delay in applicability for nonattainment areas that have clean air quality so that they can prepare a plan to maintain the ozone standard and then apply for an "attainment" designation.

- **Hanford Wildfires:** Last week, as the wildfires spread at DOE's nuclear reservation site in Hanford, WA, EPA's emergency response teams established an air monitoring network of 15 samplers at various likely locations for releases from the site. Multiple samples were taken, and no sample indicated radiation above background levels.
- **Annual Drinking Water Reports:** Under a new and important public right-to-know requirement for drinking water, most Americans are expected to receive an annual consumer confidence report which details the quality of their local drinking water by July 1. Approximately 253 million Americans received their first annual drinking water report on October 19, 1999, the first Federal deadline for the annual reports. Consumer Confidence Reports are the centerpiece of the Administration's public right-to-know requirements under the 1996 Safe Drinking Water Act amendment. Consumers are now provided with their first-ever snapshot of local drinking water quality, including the source of drinking water, contaminants detected and actions taken when necessary. According to new EPA data, 92 percent of the 54,000 community water systems across the country have now reported to their customers. Nearly 12 percent of the drinking water systems did not make the October 19, 1999 deadline.

U.S. MISSION TO THE UNITED NATIONS

- **Afghanistan:** On July 6, the Security Council considered the situation in Afghanistan. Fighting continues on the ground, but at a lower intensity than in previous years. Politically, the Taliban and Northern Alliance continue to jockey for position. UNSCR 1267, imposing sanctions on the Taliban for their support of terrorism and their harboring of Usama bin Ladin, has still not been fulfilled. The idea of imposing additional sanctions is in a holding pattern, due to continuing disagreement among the P-5 about the utility of the existing sanctions.
- **Scale of Assessment Issues:** Ambassador Hays returned from a successful trip to Moscow last week to discuss UN management and reform with his Russian counterparts. Russian officials, agreed that the UN's peacekeeping scale of assessments system needs to be reformed. The Russians were "pro-Zero Nominal Growth, pro-three year base, and pro-sliding gradient," and even favored a decrease in the U.S. ceiling. Hays stressed the political importance of Russia increasing its own contributions. The Russian Foreign Ministry indicated that it understood this message and would consider it carefully.

- **Sierra Leone:** On July 5, the Security Council was poised to adopt a resolution establishing sanctions on diamonds. Negotiations continue on modifying the UNAMSIL peacekeeping mission and on the creation of a war crimes tribunal.

UNITED STATES TRADE REPRESENTATIVE

- **Pre-Ministerial Talks with Japan:** On July 10, Ambassador Barshefsky will dispatch a team to Tokyo to begin pre-Ministerial talks on telecommunications and deregulation issues related to the Enhanced Deregulation Initiative. She will join the team on July 17 and continue to press Japan in the run-up to your July 20 meeting with Prime Minister Mori. In 1998, Japan agreed to lower rates charged to foreign competitors for long distance services. These high interconnection rates are a barrier to the provision of traditional phone services by foreign companies in Japan. Japan has not lived-up to its 1998 commitments and continues to insist upon a longer period of implementation for reduced rates. Japan's interconnection rates are the highest among the G-8, and their failure to live-up to their bilateral commitments raises serious questions about the efficacy of their multilateral, WTO commitments. Successful resolution to the interconnectivity issue is key to concluding the 3rd Joint Status Report under the Enhanced Deregulation Initiative. The 3rd Joint Status Report will outline Japan's deregulation commitments, including telecommunications. In addition to reaching agreement on telecommunications and concluding the 3rd Joint Status Report, the team will be seeking a commitment from Japan to extend the Enhanced Deregulation Initiative into another year.

SMALL BUSINESS ADMINISTRATION

- **Women's Business:** Beginning on July 11, successful women business owners who received SBA loans will be featured weekly in a new online series at ivillage.com, one of the largest portals for women's audiences. The series will portray a biography and photograph of the successful woman business owner along with links to SBA's home page and the Online Women's Business Center. The goal of the series is to encourage more women business owners to apply for loans through SBA.
- **Veterans:** On July 6, SBA's NY office signed an agreement with Black Veterans for Social Justice to increase access to SBA programs and resources for this group. This will be the district's second agreement signed with a veterans group.

OFFICE OF PERSONNEL MANAGEMENT

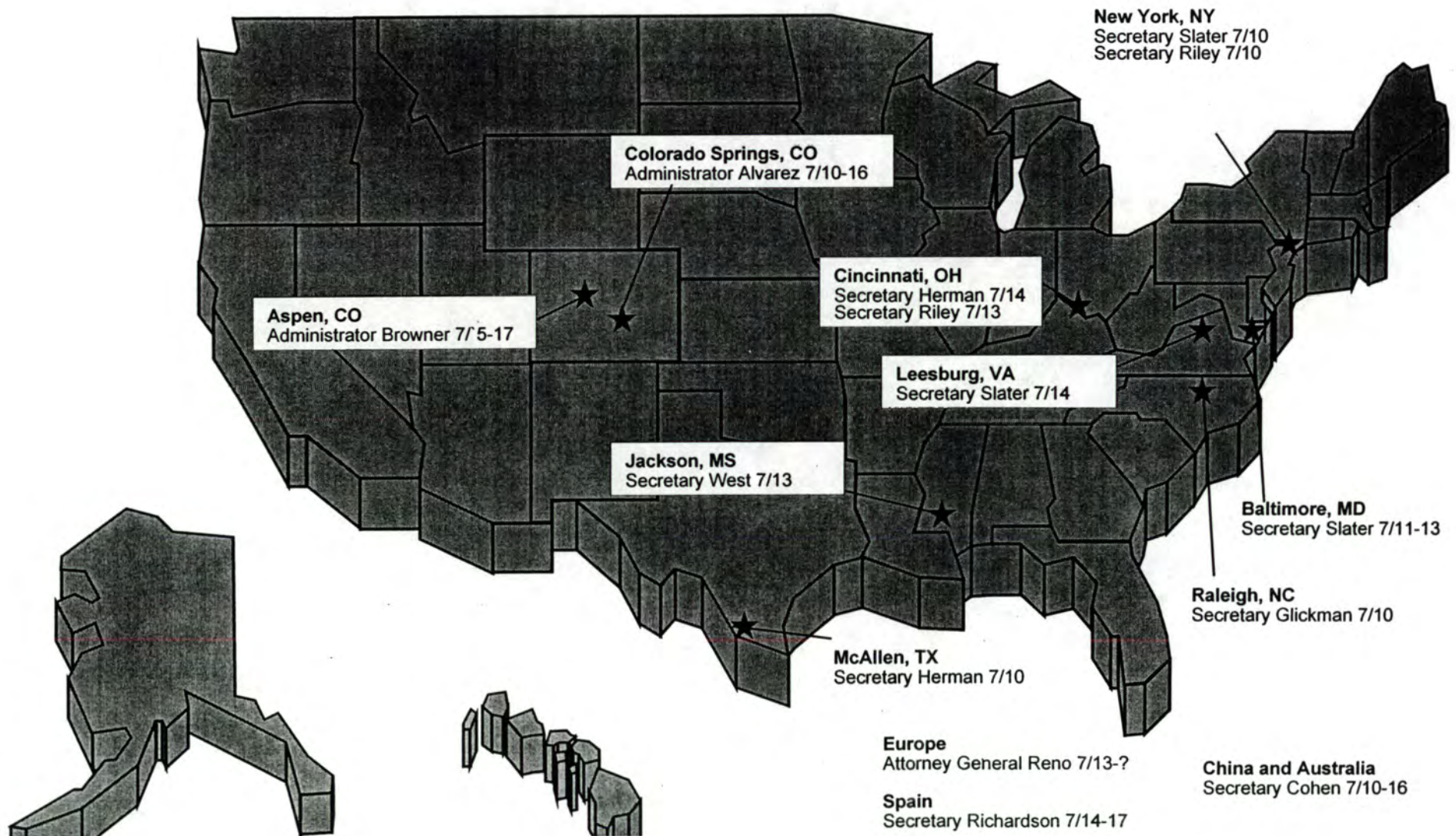
- **Welfare-to-Work:** Federal agencies are continuing to surpass the four-year hiring commitment made for hiring people off the welfare rolls. Last month alone, Federal agencies hired 7,186 people through the welfare-to-work program. Since the program started in March 1997, they have hired 48,656 individuals, 4.5 times the four-year goal.
- **Hiring People with Psychiatric Disabilities:** On July 10, OPM will publish final regulations making it easier for Federal agencies to hire individuals with psychiatric disabilities. The Presidential Task Force on Employment of Adults with Disabilities recommended that OPM look into paralleling the excepted service hiring standards of adults with psychiatric disabilities with the excepted service hiring standards of individuals with mental retardation and severe physical disabilities. After a careful review of the standards, OPM agreed. Director Lachance will announce the publication of the new regulations at an ADA Torch Relay event in Madison, WI.

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
Joe Lockhart
Lisel Loy
Buddy MacKay
Minyon Moore
Bruce Reed
Steve Ricchetti
Gene Sperling
Lauren Supina
Loretta Ucelli
Melanne Verveer

Cabinet Affairs Travel

Monday, July 10 - Sunday, July 16, 2000



THE PRESIDENT HAS SEEN

7-9-00

THE WHITE HOUSE
WASHINGTON

'00 JUL 7 PM 12:52

July 7, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

SUBJECT: Office of Intergovernmental Affairs Weekly Report

Copied
Ibarra
Podesta

GOVERNORS

Governor Tom Carper (D-DE): Governor Tom Carper called to express his support for the Bankruptcy Bill and to discourage you from vetoing it. IGA sent you a request memo to return his call yesterday.

Governor Jane Hull (R-AZ): A briefing memo responding to the concerns you discussed with Governor Hull about the Arizona-Mexico border was submitted to Staff Secretary for your information this week.

Governor Parris Glendening (D-MD): Secretary Donna Shalala notified Governor Glendening today that the Maryland request for a S-CHIP waiver has been approved by HCFA. This action will assist the State's efforts to cover 20,000 additional children.

NGA's Annual Meeting: Thirty-eight governors (14 Democrats and 24 Republicans) will be attending NGA's Annual meeting on July 8-11 at State College, PA. A special plenary session has been scheduled for your Address on Monday afternoon. Neither Governor Bush of Texas nor Governor Bush of Florida is expected to attend.

CITY/ COUNTY OFFICIALS

Los Angeles County Elected Officials Roundtable: Today, Supervisor Gloria Molina (D) of Los Angeles will host a roundtable discussion with over 40 elected officials where I will deliver the White House budget message and respond to concerns of our partners in government.

INSULAR AREAS

Puerto Rico Status: The Vice President told reporters that if he were President, he would continue your effort to clarify Puerto Rico's status options. A New York Daily News columnist noted that "During the 102 years that Puerto Rico has been a U.S. possession, no U.S. President has ever bothered to sit down with leaders of all the factions on the island."

Vieques: Senate Readiness Subcommittee Chairman James Inhofe (OK) partially relented in his opposition to your proposal to transfer the Navy's land on the western side of Vieques to local

eastern side of the island. However, he continues to insist that the land go to the Interior Department. Meanwhile, at least a dozen Puerto Rican Independence Party candidates were jailed for refusing to pay \$1000 in bail or fines for trespassing on the range.

Guam Land: Interior Secretary Babbitt agreed to review federal environmental claims on excess military land in the territory.



THE PRESIDENT HAS SEEN
7-9-00

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

'00 JUL 7 PM5:35

July 7, 2000

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Podesta*

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE *Design Bureau for*
CC: JOHN PODESTA
SUBJECT: OSTP WEEKLY REPORT

United Kingdom "World Class" Science Pledge

The United Kingdom announced that it would boost funding for scientific research by £1 billion – roughly \$1.6 billion – over the next two years. This additional investment has been described as the UK's attempt to curtail the "brain-drain" of scientists to the United States. This announcement has been widely welcomed by the British university science community, and the UK government has claimed that the scale of the investment is unprecedented in its history, representing a 55% increase in spending on science.

While Congress Cuts Your S&T Investments

While our closest economic competitors continue to recognize, and fund, the important investments necessary to grow their economies, Congress continues to imperil our economic prosperity by cutting your S&T investments. The House of Representatives went on their July 4th recess leaving nearly a \$2 billion deficit in your Science and Technology Initiative request.

*Shirley
Wetzel*

Nobel Winners Oppose Missile Defense

In what may be the largest number of American Nobel prize winners ever assembled on one letter, a group of 50 Nobel laureates has signed an open letter to you in opposition to the proposed missile defense system. Two members of your Committee of Advisors on Science and Technology (PCAST), Mario Molina and Murray Gell-Mann, signed the letter which called the current plan "premature, wasteful, and dangerous." Other signers include 21 who won in physics, 11 in chemistry, 14 in biology or medicine and 4 in economics – about half of all living American science Nobel winners.

Court Invalidated Food Safety Pilot Program

On Friday June 30, the D.C. Court of Appeals invalidated a food safety pilot program that could have resulted in more efficient use of resources for meat inspections. The pilot program involves 30 plants and is called the "HACCP inspection model." The rationale behind this program was that the HACCP (Hazard Analysis and Critical Control Points) system of inspection should not only improve the safety of meat products, but allow inspectors currently engaged in carcass-by-carcass inspections to be re-deployed to other needed food safety inspection activities. It is important to note that the ruling did not invalidate HACCP, just the pilot program that was looking at optimizing inspection resources. The industry and consumer groups were supportive of the pilot program, but the unionized federal inspectors brought the lawsuit fearing loss of job security. USDA officials and lawyers are reviewing the impact of the judge's finding.

National Research Council Delivers Its Report on Mercury

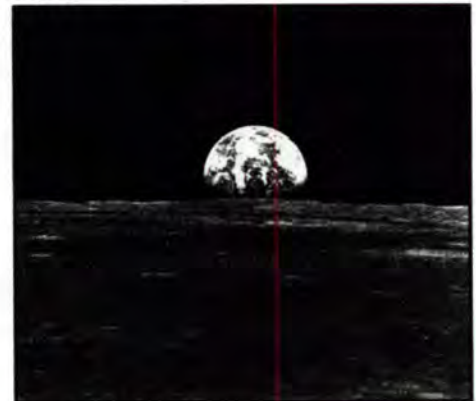
A report embargoed until July 11 concludes that EPA was correct in setting a lower exposure limit for mercury. At Congress' request, the National Research Council convened a Committee to study mercury's effects and develop a scientifically appropriate value for the "reference dose," the exposure limit considered safe. Mercury is a potent neurotoxin that can produce severe nervous system damage and even death at sufficiently high doses. High dose poisonings are unusual, but low level exposures to mercury from fish and other seafood in the diet are virtually ubiquitous worldwide. The new NAS study supports the value of EPA's current reference dose (which is lower than limits set by FDA and ATSDR) as "a scientifically justifiable level for the protection of public health," and calls for harmonization of the exposure guidance issued by the three federal agencies. EPA is likely to interpret the report as supporting its plans to move forward to regulate the major remaining U.S. source of mercury emissions – coal-fired power plants. Unfortunately, these emissions represent less than 5% of mercury circulating in the global environment, and regulating U.S. utilities will not significantly decrease them.

Senate Hearing on our National Assessment of the Impacts of Climate Change

Senator McCain plans to conduct a hearing July 18 on climate science. I testified at his first climate hearing on May 17 on the overall state of climate science, and this hearing will focus on the draft "National Assessment of the Impacts of Climate Change", prepared under OSTP's direction at the request of Congress. This venue promises to include some of the Nation's top scientists, including the 3 Co-Chairs of the Assessment, and allow them to rebut many of the misplaced allegations that the report is scientifically flawed, being rushed for political reasons, or unduly alarmist.

Astronaut Photographs From Space Shed Light on Changes on Earth

Like normal tourists, the astronauts and cosmonauts who spent time on the Russian space station Mir took along cameras and lots of film to record their observations. Their photographs are providing important new insights into how nature and humans are changing planet Earth. Some of these photographs will be published shortly as part of a new book of the results of imagery analysis in such areas as urban growth, El Niño impacts, and changes in sea levels, coastal vegetation and land use. A collaborative effort between NASA and Russian Aviation and Space Agency Earth observation experts, *Dynamic Earth Environments: New Observations from Shuttle-Mir Missions* will include 16 pages of color photographs taken by astronauts and cosmonauts on Mir between 1996 and 1998.



By observing and documenting surface dynamics and processes over time, scientists can gain a better understanding of the forces – both natural and human-induced – that change the Earth. Some of the 22,000 photographs taken by the Mir astronauts capture natural phenomena for the first time, such as lakes in the Andes Mountains drying up. They were able to record long-term and seasonal changes in agricultural and other land-use patterns, changes in atmospheric conditions, and ecological changes such as global deforestation.

7-9-00

00 JUL 7 PM 6:16

THE WHITE HOUSE

WASHINGTON

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Ballentine
Podesta

July 7, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: ROGER BALLENTINE 

RE: OFFICE OF ENVIRONMENTAL INITIATIVES WEEKLY

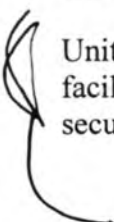
Climate Change

Press, Science and Industry

Five environmental groups petitioned Governor George W. Bush and the Texas Natural Resource Conservation Commission to develop a plan to reduce and monitor GHG emissions in Texas, *The Houston Chronicle* reported (7/4). The groups assert that Texas should act because it has the highest GHG emissions in the country (14% of total U.S. emissions, but only 7 % of the population), and because rising sea levels will threaten its coast.

 A coal-industry sponsored study released by several minority business groups predicted that Hispanic and African-American citizens would suffer large increases in unemployment if the U.S. adopts the Kyoto Protocol, *AP* and *C-SPAN* reported (7/6). The study uses false assumptions, such as excluding market-based, cost-effective approaches, to reach the conclusions that the Protocol would have severe economic impacts on lower income populations. Nevertheless, we are taking this issue very seriously and are working with relevant environmental and minority groups to quell any concerns.

In an Op-Ed in *USA Today* (7/6), Senator Tom Harkin (D-IA) noted that the U.S. will not solve its current gasoline problems by relaxing environmental regulations on reformulated gasoline, and that the U.S. must invest more in renewable fuels.

 United Technologies is working on a plan to get 100 (200 kW) fuel cells installed at federal facilities and will also promote the use of fuel cells at U.S. embassies. This would enhance security, improve the environment, and act as demonstration projects for the host countries.

Good
Can we do any
before go? - can
we announce



International

Undersecretary of State Frank Loy and I will travel to China next week for a high level dialogue on climate change. While our meetings with the Ministry of Foreign Affairs will focus on Kyoto and the outstanding issues heading into COP6, we intend to set these discussions within the context of our broader emerging cooperative relationship on the issues of energy and environment. Our short-term objective is to convince the Chinese to back down from their obstructive tendencies displayed at past COPs.

As reported to you by Secretary Richardson, Bolivia has agreed to take on an emissions target.

cc: The Vice President
John Podesta
Martin Baily
Steve Ricchetti
Chuck Brain
Lael Brainard
Charles Burson
George Frampton
Neal Lane
Jim Steinberg



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

copied
Frampton
Podesta

July 7, 2000

MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

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

SUBJECT: CEQ WEEKLY REPORT

BUDGET

Total Maximum Daily Load Rider

Last week, a late-night rider was attached to the Military Construction/Supplemental appropriations bill that would prohibit EPA from finalizing or implementing the new Clean Water Act regulations that you announced last August. CEQ has been working with John Podesta, OMB, and EPA to examine administrative options for dealing with the rider. This week, it was prematurely reported in the *Philadelphia Inquirer* and other news outlets that in order to render the rider meaningless, you directed the EPA to quickly complete the new rule before the bill is signed. CEQ is in the process of making sure that there is support from the environmental community for a slimmed-down rule before a final decision to move forward with this strategy is made next Monday. While the Sierra Club and NRDC have asked that you veto the bill because of the rider, the National Governor's Association has requested that you sign the bill and urge EPA to revisit the rule to address State concerns.

we need to sign the bill so we can rule quickly

RESOURCE STEWARDSHIP

Baca Ranch Acquisition

The House of Representatives is scheduled to pass legislation next Tuesday on the uncontested calendar that would authorize the acquisition of the Baca Ranch in New Mexico. The bill being considered was already approved by the Senate, so barring unforeseen complications we expect it to come to you for signature shortly. Passage of the legislation is largely due to the continuing and effective bipartisan effort between Senators Domenici and Bingaman and the Administration.

Because we have previously received an appropriation for this purchase, the authorizing legislation is the final step prior to completion of the deal. Our purchase contract with the owners will expire at the end of July, so we have already begun to finalize preparations to close on the property this month and transfer title to the Forest Service to be managed in accordance with the legislation.

INTERNATIONAL LEADERSHIP

International Whaling Commission

Yesterday, parties to the IWC concluded their annual meeting amid criticism from environmental and animal welfare organizations over a number of decisions. First, in a blow to conservation efforts, a U.S.-backed Australian proposal for a new South Pacific whale sanctuary won a majority of votes, but failed to gain the three quarters necessary for adoption. Second, the IWC parties cleared the way to work on a new management scheme for whales that would be put into place in the event that the total moratorium is lifted, a step characterized by pro-whaling nations as progress toward lifting the current 1986 ban on commercial whaling. Third, despite IWC condemnation and the joint letter from you and Prime Ministers Blair and Clark to Prime Minister Mori opposing Japan's plan to resume limited "scientific research" whaling of Sperm and Bryde's whales, Japan remains publicly committed to this course of action. We will recommend that you raise this issue when you meet with Prime Minister Mori in a few weeks.

THE PRESIDENT
7-9-00

THE WHITE HOUSE
WASHINGTON

July 7, 2000

copied
Reed
Chow
Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Barbara Chow

SUBJECT: DPC Weekly Report

1. Welfare - - Work Rates Increases and Caseloads Decline: Preliminary data show that every state met or exceeded the welfare law's overall work requirement for FY 99. This requirement mandates that 35 percent of all families must have a parent working at least 25 hours per week. The law also requires 90 percent of all two-parent households to work 35 hours or more. Nationally, 38 percent of all welfare recipients were working or in work-related activities for the minimum required number of hours. Even while caseloads declined by 18 percent from FY 98 to FY 99, the percentage of those on the rolls engaged in work increased by 9 percent from the prior year. Of the 38 states that had two-parent families in their TANF program, 28 met or exceeded the much stricter 90 percent work requirement for two-parent families. The national average two-parent participation rate was 55 percent, a 29 percent increase over last year. Fifteen states did not have any two-parent families in TANF, generally because they have moved these families into a separate state program that is not subject to the work requirement. Two-parent cases account for less than 5 percent of total TANF cases.

As allowed under the welfare reform law, all states had their minimum participation rate standards adjusted for caseload decline. However, 27 states met the all families participation rate standard before applying a caseload reduction credit and 4 states met the two-parent standard before applying a caseload reduction credit. Twenty-three states had sufficient caseload reduction credits to reduce their all-family participation rate standard to zero. Fifteen states used their welfare reform waiver definitions of work, but most of them would have met the standard without their waiver adjustments. Similar to last year, 86% of adults counting toward the work rate were in a direct work activity, with the vast majority of these in unsubsidized employment. The remainder fulfilled their participation requirements through job search, education and training. After accounting for waiver adjustments, Oregon, Montana, and Wisconsin had the highest all family participation rates and Maryland, North Carolina, and Pennsylvania had the lowest. Preliminary data from HHS also show that caseloads continued to decline through December 1999. We intend to hold these numbers pending a possible announcement by you or the Vice President.

George
Reed
Suggests
a 2 day
waiver
for
work
day

2. Education - - National Education Association Pay for Performance Vote: The National Education Association voted Wednesday to allow local unions to bargain for a bonus pay

7-9-00

approach to compensation, instead of relying only on seniority. However, the union declined to embrace a proposal to base pay on how well students perform on tests. The NEA will not endorse student-performance-based pay as national policy, and specifically said no compensation package should entirely replace pay based on seniority, nor be subject to the subjective judgment of a principal. Opponents to performance pay argued that bonuses based on student performance or a boss' judgment are divisive and unfair to teachers with the most-troubled students.

3. Education - - American Federation of Teachers Teacher Salary Survey

The AFT released the 50th publication of their annual teacher salary survey. The survey focuses on state comparisons of teacher salaries, and includes salary data for school districts serving the 100 largest cities. In their first survey which covered 1948-49, salaries averaged under \$3,000 annually. Today, the average salary is \$40,574. The survey also found that U.S. average for teacher salaries in 1998-99 was 37 percent higher than 1988-89 and that the District of Columbia reported a ten percent increase in beginning teacher salaries this year, the largest increase in the country.

4. Health - - NGA Conference. Next Monday, at the National Governor's Association Conference, you will be speaking to the Governors about your mutual success in managing the economy and discussing the opportunities and challenges in the debate over the best use of the on-budget surplus. We are recommending that you emphasize the strong policy rationale behind your investment in health care coverage expansions; long-term care; and Medicare reforms including a new prescription drug benefit, health care provider restorations, and investments in Trust Fund solvency. More specifically, we will be providing a new analysis which illustrates that a large part of the budget surplus – up to one-third – can be directly linked to our success in constraining Medicare and Medicaid costs below what was projected in 1993 when you came into office. This data provides policy and budget validation for your significant investments in health care. We also expect to be able to release documents highlighting best practices of states that are successfully using innovative outreach programs to target and enroll children in the Medicaid and CHIP programs. Finally, we are contemplating the possibility of having you foreshadow our future CHIP waiver policy, which would enable Governors to access current CHIP dollars for innovative enrollment and health coverage expansion programs.

THE PRESIDENT HAS SEEN

7-9-00

THE WHITE HOUSE

WASHINGTON

July 7, 2000

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORT

Gasoline: Last Monday, in its weekly survey of gasoline prices, DOE reported that the nationwide average price of self-service regular gas fell 3.3 cents last week to \$1.625, for a total decline of 5.6 cents over the last two weeks. The average price for self-service regular rose 6.9 cents in California. The average price of diesel rose 2.1 cents nationwide. As is the recent pattern, neither the actual prices nor the price increase were uniform across the nation; prices rose everywhere except the Midwest and the Mountain states, where they fell. Last week, the average price of regular unleaded gasoline rose 0.3 cents in the East to \$1.589, fell 11.5 cents in the Midwest to \$1.794, rose 0.8 cents in the South to \$1.536, fell 0.2 cents in the Mountain States to \$1.606, and rose 5.4 cents in the West to \$1.663. The price of reformulated gasoline in the Midwest fell 15.9 cents from 1.881 to 172.2.

Oil: Oil for August delivery closed on Friday at \$30.28 per barrel, \$2.22 lower than last Friday's close of \$32.50. On Monday, Saudi Arabia indicated that it would increase production by 500,000 barrels within a few days if prices did not fall. This announcement caught other OPEC countries off guard, as the Saudis had apparently not discussed the move in advance. By the end of the week, the Venezuelans and Nigerians, for example, remained opposed to a production increase; other OPEC countries, such as UAE have indicated a willingness to discuss a possible increase. The situation within OPEC is complicated by the fact that only Saudi Arabia, Kuwait and the United Arab Emirates have significant excess capacity. Therefore, while they could make up lost revenue from a lower price of oil by pumping a larger volume, other OPEC members that cannot not increase output will simply lose revenue as the price falls. Although the price of oil has fallen, suggesting that the market expects the increase to occur, we have no definitive statement from the Saudis.

7-9-00

Home Heating Oil Reserve: The economic team is making the final preparations for establishing a government-owned reserve of home heating oil in the Northeast, as you directed in last week's radio address. We were considering two options to establish the reserve. First, we could prepare an amendment to the Strategic Petroleum Reserve (SPR) operating plan in order to allow for the permanent establishment of a Northeast regional reserve (although it would still use the trigger for the crude oil reserve, a national supply emergency). An SPR plan amendment, however, would not be effective for 60 days, and we were concerned that if we waited that long before taking steps to establish the product reserve, it would not be in place before winter. Second, DOE could use existing authority to obtain heating oil and store it in the Northeast on an interim basis (thorough next winter).

After a meeting late in the week, we decided that the best approach would be to combine the two options. First, using existing legal authority, DOE will initiate an exchange of crude oil from the SPR for 2 million barrels of home heating oil stocks and interim storage facilities in the Northeast. By beginning the process of obtaining home heating oil pursuant to existing legal authority, the Department will avoid a 60-day delay so that reserve stocks will be in place as soon as possible. Second, Secretary Richardson will submit to Congress an amendment to the SPR Plan, allowing for the permanent establishment of a 2 million barrel reserve of home heating oil in the Northeast. The plan amendment would become effective 60 days after its submission to Congress. This approach will allow us to get heating oil in place as soon as possible, and will still allow you to call on Congress to authorize the establishment of a heating oil reserve with trigger that is appropriate for a regional product reserve, because we cannot revise the trigger administratively.

Good
submit
letter - or UP
we'll be at
Camp

Medicare/Prescription Drugs: Because of the July 4th recess, there has been little activity on the Medicare prescription drug front. Senator Roth continues to hope to have a Finance Committee mark-up of Medicare legislation, including a prescription drug benefit, in the next two weeks. Roth has not released any details of a plan to either Finance Republicans or to Finance Democrats. In addition, Senator Lott has not indicated a Republican Leadership preference for a specific drug plan. If there is a Finance or Republican Leadership bill, Senator Daschle plans to use Senator Graham's drug bill as the Democratic alternative.

China/PNTR: We are actively educating opinion makers on the serious economic flaws in the sanctions proposed in a China anti-proliferation bill offered by Senators Thompson and Torricelli. A vote on the freestanding bill will likely take place when Congress reconvenes next week. This will clear an important impediment to the far more important vote on PNTR for China in the Senate, and in that sense is good news. The Thompson bill is highly undesirable from a policy perspective, however, and your senior advisors are working together to educate interested parties on its serious shortcomings.

7-9-00

US-Vietnam Bilateral Trade Talks: This week a delegation from Vietnam led by Trade Minister Khoan worked in Washington to resolve differences over a Bilateral Trade Agreement (BTA) largely completed last year. As of the end of the week, the Minister remained in meetings with Ambassador Barshefsky. The unresolved issues are not intractable, but remain politically challenging for the Vietnamese. We have already provided a number of technical adjustments that respond to Vietnamese concerns and are unlikely to meet their additional requests such as renegotiating the scope of Vietnamese investment commitments or agreeing explicitly to use the BTA as the basis for a later WTO accession agreement. Nonetheless, it appears likely that the talks can be concluded to mutual satisfaction by this weekend such that both sides can sign the agreement. ~~This agreement would constitute a major foreign policy as well as trade accomplishment.~~ Indeed, Tuesday marks the fifth-year anniversary of our normalization with Vietnam. On the other hand, the timing is less than ideal in that it comes so fresh on the heels of our bruising fight over China and has the potential to re-open some wounds that were in the process of being healed. If this agreement does happen, we will be seeking to plan a roll-out that highlights the importance of this agreement in terms of foreign policy, with less highlighting of specific trade details – and with strong inclusion of the Congressional Vietnam Veterans and Vietnam-related organizations.

G-7/G-8 Digital Divide Initiative: As part of the upcoming G-7/G-8 Leaders' Summit in Okinawa, Japan, negotiations are underway to roll out a major initiative focused on an emerging "digital divide" resulting from mounting gains in countries with access to productivity-enhancing information technology. G-8 Sherpas worked on this initiative in Japan this week, along with other business for the Summit. In Washington meanwhile, we are managing ongoing communications with a group of private sector firms committed to contributing to the success of our Leaders' initiative through deliverables on training and education, policy guidance, e-commerce readiness assessment, and provision of an IT knowledge clearinghouse. Efforts to consolidate and package these contributions are in the final stages.

Fighting Money Laundering at the G-7 Leaders' Summit in Okinawa: Two weeks ago the Financial Action Task Force (FATF) published its list of 15 countries that it considered non-compliant with accepted anti-money laundering practices. This list included Israel, Panama, the Philippines, Russia, as well as a number of smaller island countries, such as St. Kitts and the Cayman Islands. On July 8 as part of the G-7 Finance Ministers meeting in Fukuoka, Japan, the Treasury will join with the Finance Ministries of the other G-7 countries in issuing advisories to domestic banks and financial institutions. These advisories will warn banks to use enhanced scrutiny in monitoring their transactions with counter-parties in the countries on the list. My deputy and the U.S. Sherpa, Lael Brainard, has ensured that our broad financial crime policy package (of which the FATF process and these advisories are critical components) will be an important issue for your G-7 discussions in Okinawa. Indeed, the issuance of these advisories will be a clear achievement. This financial crime policy package has resulted from an intensive interagency effort within the USG (especially Treasury and Justice) and strong international cooperation.

7-9-00

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WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

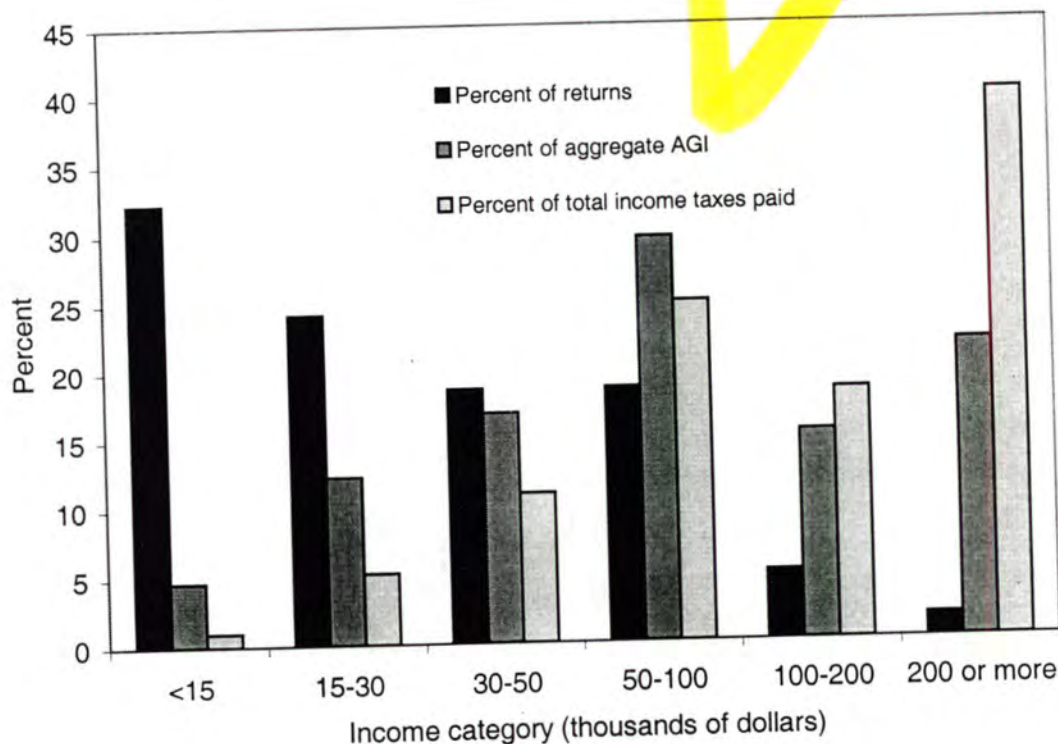
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

July 7, 2000

Copied
Frampton
Sperling p6
Podesta
Bailey

CHART OF THE WEEK

Individual Income Tax Returns, 1998



Preliminary IRS data for 1998 show that nearly a third of all individual income tax returns had adjusted gross income (AGI) below \$15,000, accounting for roughly 5 percent of aggregate AGI. These filers paid about 1 percent of total income taxes. By contrast, the 1.7 percent of filers with an AGI of \$200,000 or more paid almost 40 percent of total income taxes.

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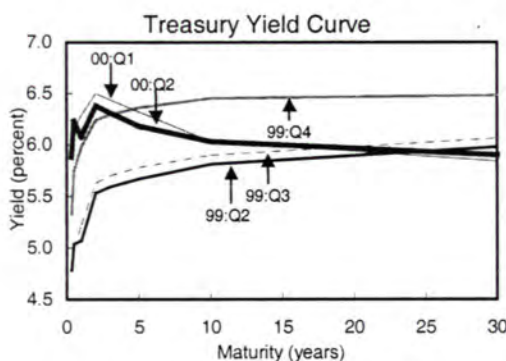
"We've found the problem. You folks don't own a car."

FINANCIAL MARKET UPDATE

Yields Yawn, Stocks Slide, Dots Drop in Second Quarter

The Federal Open Market Committee raised the target federal funds rate 50 basis points to 6½ percent in May but made no further change last week. Still, interest rates ended the quarter about where they started it. The major stock indexes all declined in the quarter, with Internet stocks hit hard.

Interest rates. The Fed began tightening a year ago, and Treasury yields at all maturities rose in the second half of 1999 (see upper chart). This year, yields continued to rise at the short end, but they



declined at the long end in the first quarter, producing an inverted yield curve. Although rates rose temporarily around the time of the Fed's tightening in May, the Treasury yield curve ended the second quarter about where it was at the end of the first. Short rates are considerably higher than they were a year ago, while long rates are roughly the same. In contrast to yields on

Treasuries, which may be affected by supply issues surrounding the retirement of Federal debt, private borrowing costs have stayed up this year and remain higher than they were a year ago. The rate on a 30-year mortgage, for example, was 7.6 percent in June 1999, 8.2 percent this January and 8.3 percent this June.



Stock prices. Broad market indexes reached record levels in March, but then dropped sharply (see lower chart). Internet stocks suffered a large decline in April and May, and despite bouncing back some in June, remain about 15 percent below where they started the year. Analysts are beginning to question whether the bloom is now off the rose of Internet

stocks. Broader indexes such as the S&P 500 and Wilshire 5000 are just a touch below where they were at the start of the year.

7-9-00

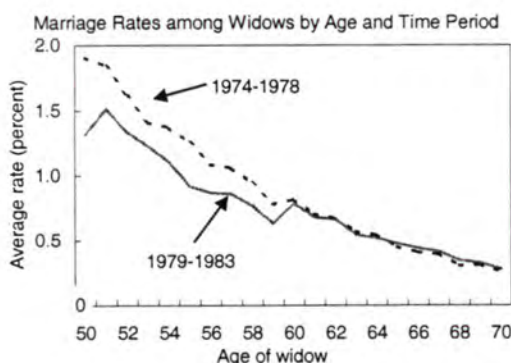
SPECIAL ANALYSIS**Widows Waiting to Wed?**

A growing body of evidence finds that the implicit incentives in government programs affect decisions about whether and when to marry, cohabit, or divorce. For example, a new study finds that Social Security rules penalize widows who remarry before age 60 and that this penalty affects their marriage decisions.

Social Security rules. Surviving spouses of individuals who worked in Social Security covered employment are eligible for *widow* benefits when they reach age 60 if they are unmarried at that point. That is, a widow who remarries before age 60 has no claim to the widow benefits (so long as the remarriage remains intact), and therefore faces a marriage penalty. However, a widow who remarries after reaching age 60, retains full claim on these benefits. The current system reflects a series of law changes that have reduced the size of the marriage penalties in Social Security. Since January 1979, widows who remarry after age 60 are able to claim the full widow benefit.

A marriage penalty example. Consider a 60-year-old widow who has a life expectancy of 22.9 years (the value used by the Social Security Administration) and is considering marrying a man 2 years older who has a life expectancy of 17.5 years. Suppose further that she never worked but her deceased husband and her prospective husband each did. Finally, suppose that both men's earnings histories would entitle them to \$1,000 per month of benefits. The study calculates that by waiting until she reaches age 60 to remarry, the widow could raise the present discounted value of her expected benefits at age 60 from about \$88,000 to about \$152,000. This increase occurs for two reasons: first, she would be entitled to the widow's benefit from her first marriage, which she would begin receiving immediately (even if her new husband had not yet retired); and second, she would continue to receive a widow's benefit rather than the (smaller) spousal benefit she would get if she had remarried before age 60.

Marry now, marry later? To see if this incentive affects behavior, the study examined age-specific marriage rates of widows around age 60 both before and after the 1979 law change. A simple



examination of marriage rates by age shows that before the law took effect in 1979, marriage rates declined relatively smoothly with age, but that since 1979 there is a pronounced drop in the marriage rate around age 59 and a sharp increase at age 60 (see chart). Confounding this picture in part are the secular declines in marriage that have been taking place over time and other changes unrelated to Social Security.

UP
wed in
to any time
about 1979
75

However, a statistical analysis that tries to isolate the effects of the law change confirms this basic story and suggests that marriage rates for all ages are higher after age 60 than they would have been without the change in Social Security rules.

Conclusion. This analysis of the widow benefit in Social Security provides strong evidence that economic incentives can affect the decision to marry. It also provides a clear example of how policy changes can have consequences beyond those directly intended by the change.

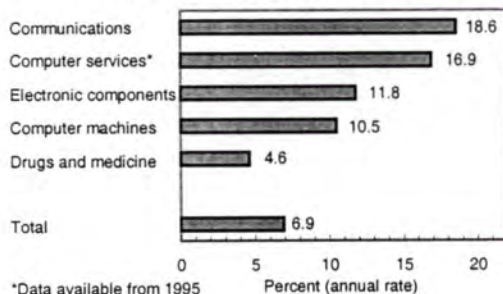
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R&D Fuels New Economy

Industrial research and development has been a key factor behind the technological innovation that has been the defining feature of the New Economy. Recent trends in both basic research and overall R&D suggest a continued rapid pace of innovation and productivity growth.

R&D and the New Economy. Companies in industries associated with information technologies have sharply increased their spending on research and development over the last several years (see upper chart). The dramatic evolution of the technological landscape—including the expansion of the Internet,

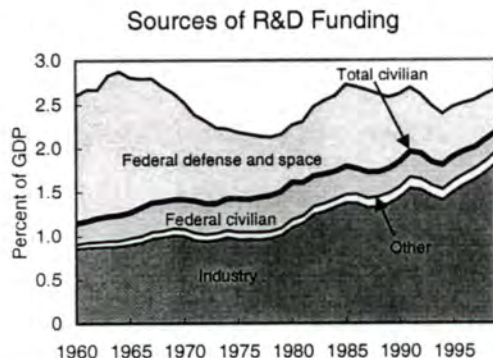
Real Growth of Non-Federal Funds For
Industrial R & D, 1993-1998



unlocking the genetic code, and the opening of the electromagnetic spectrum—has expanded the opportunities for research and development of new products. The resulting investments have spurred the creation of new and vastly more powerful consumer and business equipment—including the hardware and software that powers the Internet—which have contributed to the acceleration in productivity and

the transformation of many aspects of the economy. Interestingly, R&D is no longer restricted to manufacturing: the nonmanufacturing sector now accounts for about 30 percent of non-Federal R&D spending, with computer-related services the largest category.

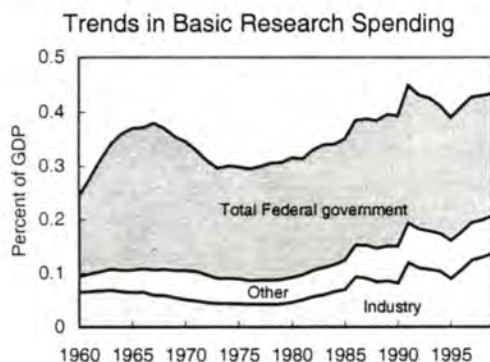
Industrial R&D on the rise. Looking more broadly, R&D spending as a share of GDP is slightly below its mid-1960s peak, but the ratio of civilian R&D



spending—which excludes Federal defense and space R&D—to GDP is at an all-time high (see lower chart). Growth in company-financed R&D, which has been rising as a share of GDP for the past 5 years, accounts for more than 100 percent of the recent increase in the R&D intensity of the economy. Economic research emphasizes the close empirical connection between industrial R&D and productivity. Thus, the recent

strength in industrial R&D portends well for the pace of innovation and productivity over the next few years.

Industrial basic research is hot, too. Basic research plays a key role in determining the long-run pace of innovation and growth. Total funding of basic research as a share of GDP is at a near-record level (see chart). In the past, industry funded a rather small share of basic research, averaging about 17 percent



during the 1960s and 1970s. The Federal government has been the largest source of basic research funds, providing about 70 percent of funding over the same period. In the 1980s and 1990s, however, industry has increased its spending on basic research, and in 1998 it funded about 30 percent. The Federal government funded only about half of basic research in 1998, but this decline in the government share has mainly

resulted from the rise in other sources of basic research spending. In fact, Federal spending on basic research as a share of GDP has been relatively stable over the past three decades. About one-half of Federal basic research funding goes to life sciences (biology and medicine) and nearly 20 percent goes to physical sciences (with physics receiving about half).

Implications. Fundamental improvements in the technological landscape have contributed to a surge in industrial R&D investment that has been one of the engines driving the New Economy. Still, there is convincing evidence that the social return to R&D is much higher than the private return, and that private R&D investment is too low. Properly designed policies could increase the incentive for private R&D investment, inducing an even more rapid pace of research, innovation, and productivity growth.

7-9-00

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Employees in Small Firms Differ from Those in Large Firms. Firms with fewer than 500 employees employed about 58 percent of private-sector workers in 1998, according to a recent study. However, these small businesses employed a disproportionately large share (63 percent) of the part-time workers. Small firms also employed a larger share of white and Hispanic employees than large firms. Conversely, 13 percent of large-firm employees were black, compared with only 10 percent of small-firm employees. A larger share of large-firm employees were middle-aged (35-55), but small firms employed a larger share of workers aged 55 and older. Small firms were more likely to hire less-educated workers: 52 percent of the small firm workforce had a high school diploma or less, compared with only 45 percent in large firms. In large firms, a greater share of employees had at least some college than in small firms. For older workers, workers looking for part-time employment, and less educated workers, greater job opportunities appear to be available in small firms than in large firms.

Exploring the Link between Cars and Jobs. Differences in car ownership rates among whites, blacks, and Latinos may explain some of the gap in unemployment rates between these groups, according to a recent study. The study found that, overall, whites are more likely to be employed than blacks or Latinos but that this gap nearly disappears among people with cars. In fact, the probability of being employed is even higher among blacks with cars than it is among whites with cars. The differences in employment rates between people with cars and people without cars are 38 percentage points for blacks, 31 percentage points for Latinos, and 22 percentage points for whites. While the difference between car owners and non-car owners is reduced by controlling for characteristics such as age, sex, and education, the relative differences by race and ethnicity are not. The effect of car ownership on the black employment rate was found to be greatest in metropolitan areas where blacks live farthest from job opportunities and where people rely most on private cars to commute to work. Although statistical difficulties make it hard to draw strong conclusions about causation, the study finds that raising car ownership rates among blacks and Latinos to that of whites would reduce the black/white and Hispanic/white unemployment rate gaps.

Gene
This is
emerging
Aug 10
CPI / Car
Financing
For

NCLR Issues Report on Latino Workers. *Moving up the Economic Ladder: Latino Workers and the Nation's Future Prosperity*, is part of the National Council of La Raza's State of Hispanic America series and represents a cooperative effort with academic researchers. The report describes the growing importance of Hispanic workers to the U.S. economy, but it also shows that economic restructuring and the trend toward low-quality jobs have hurt Latino workers. Echoing the recent CEA White Paper on Hispanic educational attainment, the report highlights the payoff to attending and completing college in improving wages. At present, however, Hispanic men especially have a stagnant position in the labor force—in part, according to the report, because the employment networks they rely on (kinship and friendship) reinforce their concentration in low-wage work.

INTERNATIONAL ROUNDUP

Organizations See Mixed Progress toward Development Goals. World poverty can be significantly reduced by 2015 if developing and industrialized countries implement their commitments to attack the root causes of poverty, according to a report jointly authored by the UN, IMF, OECD, and World Bank. In assessing progress toward seven interrelated development goals set during world conferences in the 1990s, the report concludes that, while there has been progress, much more needs to be done. The report found, for example, that more than 100 million children will not be enrolled in school in 2015 if current trends prevail; the proportion of people living on less than \$1 per day fell rapidly in parts of Asia (notably China), but little or not at all in Africa; the gender gap in school enrollment is narrowing, but not fast enough to reach the goal of eliminating disparities by 2005; for every country that has decreased infant and under-age-5 child mortality rates fast enough to reach the goals, 10 lagged behind and one country moved backwards; and by 1997 fewer than half the countries in the world had strategies for environmental sustainability.

ILO Assesses Unemployment Insurance and Other Social Protection. Three-quarters of the 150 million people unemployed around the world lack any unemployment protection, according to the new *World Labor Report 2000* from the International Labor Office (ILO). The report emphasizes the need to build and strengthen the social safety net everywhere, but especially in developing countries. The report notes that for those who work in the rural or urban informal sectors in developing countries—including 750 to 900 million underemployed workers—hardly any unemployment protection exists at all. It also argues that even the world's richest countries in Europe and North America reduced protection provided by unemployment insurance in the 1990s.

UN Ranks United States Third in Human Development. Canada and Norway achieved the top rankings in the latest UN Human Development Index (HDI), with the United States placing third, according to the UN's *Human Development Report 2000*. The HDI, a measure combining life expectancy, adult literacy rates, gross school enrolment ratios, and GDP per capita, measures average achievement in basic human development across 174 countries in 1998. It reveals widespread regional differences, with East Asia (excluding China) and Latin America having much higher HDIs than sub-Saharan Africa. Dramatic differences also exist between countries with similar levels of income. Belize, for example, with a GDP per capita of \$4,566 ranks 58th, while Tunisia, with a slightly higher GDP per capita of \$5,404, ranks 101st. The source of this discrepancy lies in Belize's higher adult literacy rate (92.7 versus 68.7 percent) and longer life expectancy at birth (74.9 versus 69.8 years). Twenty-two countries from Africa and the former Eastern Bloc have experienced reversals in human development since 1990 due mainly to the AIDS epidemic, economic stagnation, and conflicts.

RELEASES THIS WEEK

Employment and Unemployment

****Embargoed until 8:30 a.m., Friday, July 7, 2000****

In June, the unemployment rate was 4.0 percent; it was 4.1 percent in May. Nonfarm payroll employment increased by 11,000.

Leading Indicators

The composite index of leading indicators decreased 0.1 percent in May following no change in April.

NAPM Report on Business

The Purchasing Managers' Index decreased 1.4 percentage points in June to 51.8 percent. (A reading above 50 percent indicates that the manufacturing economy is generally expanding.)

MAJOR RELEASES NEXT WEEK

Producer Prices (Friday)

Retail Sales (Friday)

Industrial Production and Capacity Utilization (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1999	1999:3	1999:4	2000:1
Percent growth (annual rate)					
Real GDP (chain-type)	2.9	4.6	5.7	7.3	5.5
GDP chain-type price index	5.2	1.6	1.1	2.0	3.0
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.7	3.7	5.0	6.9	2.4
Real compensation per hour:					
Using CPI	1.0	1.7	2.0	0.9	0.2
Using NFB deflator	1.5	2.9	4.0	1.8	1.8
Shares of Nominal GDP (percent)					
Business fixed investment	11.4	12.6	12.7	12.5	13.0
Residential investment	4.5	4.4	4.4	4.4	4.4
Exports	8.2	10.8	10.8	10.9	10.9
Imports	9.2	13.5	13.8	14.0	14.3
Personal saving	6.6	1.7	1.5	1.3	0.2
Federal surplus	-2.8	1.2	1.4	1.2	2.1
	1970- 1993	1999	April 2000	May 2000	June 2000
Unemployment Rate (percent)	6.7**	4.2**	3.9	4.1	4.0
Payroll employment (thousands)					
increase per month			410	171	11
increase since Jan. 1993					22099
Inflation (percent per period)					
CPI	5.8	2.7	0.0	0.1	N.A.
PPI-Finished goods	5.0	2.9	-0.3	0.0	N.A.

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

New or revised data in **boldface**.

Employment and unemployment data **embargoed until 8:30 a.m., Friday, July 7, 2000.**

FINANCIAL STATISTICS

	1998	1999	May 2000	June 2000	July 6, 2000
Dow-Jones Industrial Average	8626	10465	10580	10583	10481
Interest Rates (percent per annum)					
3-month T-bill	4.78	4.64	5.79	5.69	5.85
10-year T-bond	5.26	5.65	6.44	6.10	6.05
Mortgage rate, 30-year fixed	6.94	7.43	8.52	8.29	8.16
Prime rate	8.35	8.00	9.24	9.50	9.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level July 6, 2000	Percent Change from Week ago	Year ago
Euro (in U.S. dollars)	0.953	0.1	-7.0
Yen (per U.S. dollar)	107.4	2.2	-11.9
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	97.08	0.6	0.3

International Comparisons ^{1/}	Real GDP growth (percent change last 4 quarters)	Unemployment rate (percent)	CPI inflation (percent change in index last 12 months)
United States	5.1 (Q1)	4.0 (Jun)	3.1 (May)
Canada	4.9 (Q1)	6.8 (Apr)	2.4 (May)
Japan	0.7 (Q1)	4.9 (Apr)	-0.7 (May)
France	3.3 (Q1)	9.8 (Mar)	1.5 (May)
Germany	2.3 (Q1)	8.4 (Apr)	1.4 (May)
Italy	3.0 (Q1)	11.3 (Jan)	2.4 (May)
United Kingdom	3.0 (Q1)	5.8 (Feb)	3.1 (May)

U.S. unemployment data **embargoed until 8:30 a.m., Friday, July 7, 2000.**

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

Recent Information Items for the Week Ending July 7, 2000

Tab A	copied cover memo and Tab A to Berger, Podesta
Tab B	copied cover memo and Tab B to Berger, Podesta
Tab C	copied cover memo and Tab C to McCaffrey, Berger, Podesta
Tab D	copied cover memo and Tab D to Echaveste, Podesta
Tab H	copied cover memo & memos from Tab H regarding Oberstar and Murray to Legislative Affairs for Reply, Casstevens, Ricchetti, Podesta

THE PRESIDENT'S COUNCIL ON
7-9-00

RECENT INFORMATION
ITEMS FOR
THE WEEK ENDING
JULY 7, 2000

7-9-00

THE WHITE HOUSE

WASHINGTON

July 9, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: LISEL LOY^h
ADAM ROSMAN
JUSTIN COLEMAN

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Berger memos re: German Child Custody** – Sandy reports we are continuing to press the Germans hard, building on the opening provided by your discussion with Chancellor Schroeder; our team in Berlin, led by Assistant Secretary of State for Consular Affairs, Mary Ryan, began bilateral meetings with German officials on two issues: visitation rights for “left-behind” parents, and ensuring fair, prompt attention to international custody cases. Ryan reports that at the federal level, the Germans want to make progress and are sensitive to our concerns; they have cut the number of courts of first instance hearing Hague Convention cases from 600 to 24, and proposed to limit to 2 weeks the time between submission of the Hague Convention petitions and the first court date, efforts consistent with Schroeder’s comments to you that the process must be accelerated and streamlined. A big problem remains with arbitrary local authorities (e.g., in the Cooke case), and the federal authorities’ willingness to streamline future cases does not address visitation rights and arbitrary local decisions in cases already decided. Ryan is preparing a memo from Madeleine to you with a full report; Sandy suggests we may want to consider appointing someone with clear ties to the White House, perhaps as a Presidential envoy, though the value of stature must be weighed against potential delay. On the Cooke case, State has condemned the local court decision limiting visitation rights, and federal authorities agree it was wrong but claim they lack authority to intervene, illustrating one of our complaints about the system that we expect the working group to address.

(B) **Berger memo re: China Military Studies Center** – Responding to your inquiry about the delay in establishing a China Military Studies Center at the National Defense University, Sandy reports that the Center has received no funding from Congress, the primary reason for the delay. DoD is identifying sources for the Center’s proposed \$555K budget but moving slowly because they resist financing an unfunded mandate. In response to criticism of the Center’s current interim director, Sandy responds he is a highly qualified scholar, unfairly criticized, who will stay until funding allows for a permanent director. Sandy reports that the Center will take a broader strategic approach to China than the House Armed Services Committee would like, but will also include a

7-4-00

THE WHITE HOUSE

WASHINGTON

July 5, 2000

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL BERGER

SUBJECT:

German Child Custody

copied
Berger
Podesta

You asked about follow-up on your conversation with German Chancellor Schroeder on child custody. You also asked about the German Youth Authority's decision to restrict visitation rights in the Cooke case, apparently in retaliation for the publicity the Cooke family has generated on the child custody issue.

In your meeting, Schroeder agreed to create a bilateral working group to address at least two elements of this issue: visitation rights for "left-behind" parents, and compliance under the Hague Convention. We followed up immediately by sending Mary Ryan, State's Assistant Secretary for Consular Affairs, and a team to Berlin this week. I called her on the eve of her departure to underscore your personal commitment to this issue. Mary met with Chancellery, Foreign Ministry, and Justice Ministry officials, stressing the urgency and high-level commitment to easing visitation rights and ensuring fair and rapid attention to international custody cases.

Embassy Berlin reports that her interlocutors "appeared genuinely to understand the depth of the problem as a human tragedy" and suggested ways to speed up judicial hearings and other concrete steps. A senior German Justice Ministry official subsequently announced that custody cases would be settled within weeks rather than years -- a good sign. According to the Embassy, the Germans were less defensive than expected. However, the Embassy notes that the Germans are clearly more optimistic about improving future procedures than about righting past wrongs.

We will meet with Mary when she returns to Washington next week and prepare her for the first working group meeting in July. Between now and then, we will work with the Germans to agree on a clear process, a mandate for the working group, and a

cc: Vice President
Chief of Staff

timetable to achieve and report on results. We also will move forward on naming members of our working group, and considering whether to make its leader (Mary or someone else) a special presidential envoy to give additional stature to the mission.

On the Cooke case: the State Department condemned the decision by the local court in Germany to limit visitation rights, calling it "outrageous" and "completely inappropriate." Our embassy in Berlin also lodged a strong protest. Mary raised this specific case in Berlin this week as well, and it featured prominently in her public statements there. German federal authorities agreed the action by the local court was wrong, but claimed Berlin does not have the authority to intervene -- underscoring one of our complaints about the system that we expect the working group to address. Joseph Cooke was allowed to see his children for two hours on Friday (with German onlookers present the whole time), but Germans later claimed the children expressed reservations about seeing Cooke and his mother in the future.

Attachment

Tab A Article on German Child Custody

6-26-00

U.S. Family Is Dealt a Blow

Child Visitation Curtailed Despite German Promises

By Cindy Loose
Washington Post Staff Writer

Three weeks after German Chancellor Gerhard Schröder promised to help arrange visitation for American families embroiled in custody disputes, local German authorities have curtailed the visiting rights of the family in a celebrated case, apparently in retaliation for speaking to the press.

In late May, a youth agency in the southern German town of Konstanz urged Patricia Cooke of Flushing, N.Y., to cancel her visit to her grandchildren, Michelle, 8, and Daniel, 10, who are being raised in a foster home against the will of their father, Joseph Cooke.

"We have determined that you and your son have very emphatically brought into the open your evaluations and opinions," the letter from Konstanz began. The "media uproar," it said, had confused and unsettled the children.

After Cooke replied that she still planned to visit, she was informed that instead of her regularly scheduled six-hour visit, she could see the children for two hours this Friday and two hours Monday. The visits could take place only in the offices of a psychologist, who would observe the entire sessions, the Konstanz Special Service for Foster Children said in a June 16 letter.

A State Department spokesman yesterday called the local ruling "absolutely horrible," "completely inappropriate" and "absurd."

"These changes are clearly intended to be punitive measures because of the publicity that the case has generated," the spokesman said.

When visiting Germany on Sunday and Monday, Mary Ryan, assistant secretary of state for consular affairs, "will be raising this specific issue with every person she meets in the German government," the spokesman said.

Officials at the German Embassy in Washington said they had contacted Berlin about the case but would have no comment on it.

Joseph Cooke, Patricia's son, lost his children six years ago when his then-wife, Christiane Cooke, turned Michelle and Daniel over to German youth authorities without his knowledge, during a visit to her German family. She then checked herself into a German mental institution. Authorities, without contacting Joseph Cooke, placed the American-born children in foster care.

Cooke fought for their return, but German courts ruled that the children had become accustomed to German culture and language and would suffer if separated from the foster family. Patricia Cooke is now the only U.S. family member with visiting rights; if Joseph Cooke were to go to Germany, he could be jailed for failing to pay child support.

Dozens of American parents with children in Germany have complained of similar rulings and of the courts' refusal to grant or enforce visitation rights.

Last month, Congress unanimously passed a resolution condemning Germany, Austria and Sweden for "consistently violating" a treaty requiring the return of abducted children to their home countries for custody hearings. After the resolution and a front-page story in

The Washington Post focusing on Cooke's case, senior German officials said the government recognized that urgent action was needed to rectify gross injustices and to stem the damage to Germany's image.

Schröder reportedly read several files, including the Cooke family's, and convened a Cabinet meeting to address the problem. In a meeting with President Clinton last month, Schröder referred to the cases as "tragic," and Clinton called them "heart-rending."

But even as top officials were promising to do better, the Cooke family's situation was worsening.

A German social worker who urged Patricia Cooke to cancel her visit warned in writing that, "if you persist in making contact at the end of June, you are advised that the Youth Agency views it strictly necessary that the visit not take place in the foster home, but on neutral territory and accompanied by a psychological professional."

Cooke responded that she did not understand the need for a psychologist to be present.

"I would like to do the normal things a grandmother does, like take them for ice cream," she said.

The next letter informed her of the reduced hours and gave her the address of the psychologist who would oversee the visit. The letter appeared to suggest that future visits would be dependent on her behavior.

Rep. Steve Chabot (R-Ohio), who has championed the rights of U.S. families in overseas custody cases, called the letters outrageous. "You have to question the good-faith promises of the German government. Now the spotlight is off, and we're back to business as usual," he said.

Cooke, a secretary who said she runs up her credit card balance and defers maintenance on her home to afford three short visits to Germany each year, took what was offered. She left last night for Konstanz.

JUN 26 12:23

TP / Source
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At least write in
This is ~~awful~~
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HE 7-1-00
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THE WHITE HOUSE
WASHINGTON

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July 7, 2000

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER 
SUBJECT: Germany: Child Custody Update

We are continuing to press the Germans hard on their outrageous child custody practices, building on the opening provided by your discussion with Schroeder.

We requested immediate follow-up discussions, led by Assistant Secretary of State for Consular Affairs Mary Ryan, who is deeply committed to this issue. Before she left last weekend for Germany, I called her to tell her this was a priority of yours and that I would back her in any way needed.

Ryan just returned to Washington. Her preliminary reports indicate that, at the federal level, the Germans want to make progress. She described her talks as positive, and her interlocutors as sensitive to our concerns. The Germans already have taken an important step by cutting the number of courts of first instance hearing Hague Convention cases from 600 to 24. They also proposed to limit to two weeks the time between submission of Hague Convention petitions and the first court date. Such efforts are consistent with Schroeder's comments to you on June 1: that the process must be accelerated and streamlined.

But there is a big problem with local authorities. As the July 6 Washington Post editorial noted, local officials (the Youth Authority) acted arbitrarily in the Cooke case, cutting visitation rights drastically -- allegedly because the Cookes had raised this issue in the media. The willingness of federal authorities in Germany to streamline **future cases**, while welcome, does not yet address the problems of visitation rights and arbitrary decisions by local authorities in **cases already decided**. This problem apparently exists not only with Youth Authority officials, but with local judges who rely on the expert advice of Youth Authority officials to make decisions on

cc: Vice President
Chief of Staff

visitation and other humanitarian requests. And these difficulties with Youth Authority recommendations to courts will affect future cases as well.

Ryan raised these issues forcefully with the Germans, and we need to hear and evaluate how she and her counterparts propose to move ahead:

- We will ask Ryan whether she was able to define the competence and mandate of the working group or working groups that will follow up on her Berlin meetings (scheduled for July 24-25 in Washington and September 25-26 in Berlin).
- We will underscore the need for a timeline so that there is concrete and visible pressure for progress in areas -- general compliance with Hague Convention and visitation and access issues.

Ryan's office is preparing a memorandum from Madeleine to you that reports on her meetings. We have urged her office also to address, in that memo, the question of whether Ryan should be named a Presidential envoy to increase her status with the Germans.

I suggest that after we evaluate the outcome of Ryan's mission, we consider whether someone with much clearer and closer ties to the White House should be appointed; the value of stature must be weighed against the cost of delays.

Attachment

Tab A Washington Post editorial, July 6, 2000

The Washington Post

German Injustice

EIGHT YEARS AGO, Joseph Cooke's wife, Cristiane, a German citizen, took the couple's two children to her home country—then delivered them into foster care while she sought treatment for a mental illness. When Mr. Cooke found out, he sought to get his kids back, but, after much delay, German courts and social workers awarded the foster parents permanent custody. Since then, only Mr. Cooke's mother has been allowed regular access to the children—four hours at a time, three times a year.

Not much was done by the U.S. government about this gross injustice until Mr. Cooke took his story to *The Post*. The scandal that ensued thrust Germany's alleged chronic failure to enforce the 1980 Hague Convention on international child abduction to the top of the U.S.-German diplomatic agenda. When he met with Chancellor Gerhard Schroeder in Berlin on June 1, President Clinton spent one hour talking about the political ramifications of American missile defense plans—and another hour about the plight of Mr. Cooke and some 70 other aggrieved American parents.

Mr. Schroeder noted that he could not order Germany's independent courts to change their

rulings, however unfair. He had a point; but on the broader question of Germany's compliance with the Hague convention, Mr. Clinton was right to insist (however belatedly) on reform. The convention requires the speedy return of abducted children to their country of previous residence, where custody is then decided. But some German courts have dithered in such proceedings—and then ordered the children to remain in Germany on grounds that sending them back would be too wrenching.

Germany has taken steps to improve matters: A new law moves abduction cases to a specialized set of two dozen courts that presumably can apply the Hague convention more knowledgeably and expeditiously. Mr. Clinton and Mr. Schroeder set up a bilateral commission to work out further improvements.

Meanwhile, Mr. Cooke has been permitted to see his children again, albeit only for two hours, in the company of a psychologist and an interpreter in Germany. The grandmother's already paltry visitation rights, however, have been cut in half by the local youth services agency. At some point, this terrible unfairness has to be undone.

7-9-00

THE WHITE HOUSE

WASHINGTON

July 9, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: LISEL LOYK
ADAM ROSMAN
JUSTIN COLEMAN

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

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rigorous military analysis; Sandy believes the Center is correctly taking economic and political factors into account in assessing China.

(C)

MaCaffrey memo re: ONDCP trip to China and Southeast Asia – Barry reports on his successful, first-of-its-kind trip that enhanced our counternarcotics relationship with Thailand, improved our relationship with Vietnamese officials who indicated potential willingness to sign a pending CN agreement; and revealed surprising willingness by Chinese officials to cooperate on a wide range of strategic issues. Barry found methamphetamine problems are more widespread than expected; Ecstasy has arrived in East Asia; and increased drug consumption in China and SEA is contributing to an HIV/AIDS epidemic. From a foreign policy perspective, Barry suggests that our international drug control approach should consider the drug control needs of our partner nations and not focus solely on reducing drug supply to the U.S.

(W)

Echaveste update re: E.O. on Minority Business – In response to your question, Maria reports that the Administration is working closely with Weldon Latham and Rep. Al Wynn on an Executive Order for Minority Contracting; she expects to have it ready for circulation in three weeks.

(H)

Echaveste memo re: Bush INS restructuring plan – In response to your question on Gov. Bush's INS proposal, Maria reports that his proposal is similar to the Administration's in that both plans would split the INS into two agencies -- law enforcement and immigration services. Our plan calls for a single, high-level, immigration official to oversee both agencies; Bush has not endorsed particular legislation but has indicated his proposal shares features of Sen. Abraham's proposal (which is similar to the Administration's). A House Republican proposal, which we strongly oppose, would separate law enforcement and immigration services into two agencies that report to the AG.

(F)

Echaveste/Ibarra memo re: Arizona-Mexico border issues – In response to your conversation with Gov. Hull and your question regarding a *Washington Post* article on the current tensions between Arizona ranchers and illegal immigrants, Maria and Micky provide a detailed memo, reporting that while the situation remains volatile, there has been progress. A DOJ investigation in Arizona has found no violation of federal laws by the ranchers; DOJ's Community Relations Service arranged meetings with Latino leaders and provided community relations training to border patrol agents, with some positive outcomes. As you know, INS efforts along the Texas and California border have increased illegal crossings in Arizona (press reports indicate up to 10,000/day). In response, INS has increased personnel and resources, established a 24-hour hotline, and brought in USBP Chief David Aguilar who has been credited with improving the Border Patrol's efforts. Gov. Hull asked for your support for legislation co-sponsored by Rep. Kolbe to modify the temporary guestworker program; the Administration strongly opposes the bill because it would reduce opportunities for U.S. citizens and legal residents and depress their wages and work standards. DOJ is working to expedite construction of a fence along the border. Finally, your FY01 budget seeks funding to help alleviate environmental impacts on the San Pedro River from development and illegal immigration.

79-00

THE WHITE HOUSE

WASHINGTON

July 3, 2000

COPIED
Berger
PodestaINFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

SAMUEL BERGER 

SUBJECT:

Washington Times Story on China Military Studies Center

On a June 22 Washington Times article, Tab A, regarding the establishment of a China Military Studies Center, you asked, "What's the deal here?"

The Defense Authorization Act of 2000 mandated the creation of this Center at the National Defense University to conduct comprehensive and independent analyses of China's strategic goals and military posture. A recent House Armed Services Committee report questions the slow pace to establish the Center, while others are critical of the Center's acting director and its focus. The facts are these:

- The Center received no funding from Congress and is operating on the reallocation of sparse NDU resources. The resource constraint is the primary reason for the Center's slow start. Defense is identifying sources for the proposed \$555,000 Center budget for 2001, but moving slowly because it resists financing an unfunded mandate.
- Dr. Ron Montaperto, currently at NDU, is the interim director of the Center. A nation-wide search will be held for a permanent director once funding is available. Dr. Montaperto is a highly qualified scholar who has focused on the Peoples Liberation Army. Conservatives unfairly criticize him for being soft on China.

cc: Vice President
Chief of Staff

- The Center will take a broader strategic approach to China than the House Committee would like, but it will also include a rigorous program of military analysis. We believe the Center is correct to take economic and political factors into account in assessing China.
- NDU has produced several books on Chinese strategy and military doctrine that provide a balanced perspective.

We will continue to monitor the Center's progress to make sure it is properly funded and remains academically balanced.

Attachment

Tab A Washington Times Story on China Military Studies
Center

Pentagon comes under attack for not having China center

Facility was to study Beijing's military and plans for attack

By Bill Gertz
THE WASHINGTON TIMES

Congress has criticized the Defense Department for failing to move quickly in setting up a special center to study the Chinese military.

A House committee report on the current defense authorization bill says "the committee is concerned that the Department of Defense has not placed sufficient priority on ensuring that the center can carry out its mandate."

"The committee is especially concerned that the department has not identified a source of funding for the center to allow it to proceed with hiring a permanent director and implementing the research, conference, and other activities for which the center was established," the report says.

A Senate aide who specializes in China affairs said the Pentagon appears to be subverting Congress' original intention for the center by turning it into a part of its military diplomacy with China.

The aide, who spoke on the condition of anonymity, said the Center for the Study of Chinese Military Affairs should not become a "schmooze" center for U.S.-Chinese military exchanges. "That's contrary to everyone's intent for establishing this center," he said. "The idea [for the center] is to devote people full time to what we view as a rising Chinese military power and potentially threatening military developments."

The Pentagon announced in March it had established the new

center but missed a June 1 deadline for appointing a permanent director. Federal law requires the center to be set up by June 2001.

As a result of differences with the administration, Congress has refused to fund the center in the current defense bills now working their way through the House and Senate.

However, to keep the center going, the U.S. Pacific Command has agreed to provide some \$20,000 for a conference, officials said. The funding has raised concerns among congressional aides that the administration is not following Congress' wishes.

Congress required the center to be established by the Pentagon under last year's defense authorization law. One goal, according to committee reports, was to study China's "growing military power" and its strategy toward the United States.

In a slap at U.S. intelligence, the report says that "currently the Department of Defense lacks an organization whose primary mission is to provide comprehensive analysis and promote a broader understanding of Chinese military affairs and strategy."

The Pentagon announced in March it was creating the center, but failed to meet a June 1 deadline for having a permanent director in place and a detailed plan.

A National Defense University (NDU) official involved in setting up the center said the naming of Ronald Montaperto, an NDU China specialist viewed within the

Pentagon as a soft-liner on China, had met the June 1 deadline.

Other defense and congressional officials said the current NDU outline for the center does not fit with the legislative requirements. Instead of focusing on the People's Liberation Army, the center will focus on economic issues and other nonmilitary topics and is being transformed into the Pentagon's military exchange program with China, they said.

Several congressmen said the exchanges are being used by China to gather intelligence and to influence U.S. military policies toward China with the goal of making it easier to gain military technology.

Tom Donnelly, a former House Armed Services Committee staff member, said the center has been caught in the politics of U.S. China policy. "The administration is trying its best to ignore it," Mr. Donnelly said.

Mr. Montaperto's involvement also is controversial, he said. "It would be a mistake to name a guy with the political baggage that he brings to the job, whether it's a conservative or a panda hugger" — the term used to describe pro-China analysts, he said.

To be useful over the long term, the center needs to become a non-controversial source for information on the Chinese military.

The Joint Staff, in particular, is said to be upset with the center and its parent group, the Institute for National Security Studies, for failing to provide support to the U.S. military.

The Washington Times

WEDNESDAY, JUNE 21, 2000

JUN 22 13:46

rigorous military analysis; Sandy believes the Center is correctly taking economic and political factors into account in assessing China.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

Personal

Copied
McCaffrey
Berger
Podesta

THE PRESIDENT HAS DEFT
7-9-00

July 6, 2000

cc Sunday

MEMORANDUM FOR THE PRESIDENT

SUBJECT: ONDCP Trip to China and Southeast Asia, June 16-25, 2000

1. EXECUTIVE SUMMARY. From June 16-25, 2000, I led a U.S. delegation to Beijing, Kunming, Hong Kong, Hanoi, and Bangkok. The delegation included senior representatives from State, DEA, DOD, NSC, and the National Institute on Drug Abuse. Our purposes included: (1) explain U.S. Drug Policy and share experiences in addressing prevention, treatment, and law enforcement issues; (2) assess the drug situation in China and the Southeast Asia (SEA) region and advance U.S. drug policy interests; and (3) establish a mechanism for continuing US-China/SEA dialogue on drug demand and supply reduction issues.

The trip marked a historic, first-ever visit by a U.S. drug policy Director to China and Vietnam, and fortified our twenty-year counternarcotics (CN) relationship with Thailand. Chinese authorities were very receptive, agreeable to support our CN objectives, and open to enhanced cooperation. We received indications that Vietnam may be ready to sign a comprehensive CN agreement.

2. SPECIFIC TRIP OBSERVATIONS.

a. Chinese authorities agree to enhanced US-Sino CN cooperation. We asked and received agreement for progress on five primary objectives: (1) sharing strategic intelligence to attack multinational criminal enterprises; (2) cooperating in sharing samples of narcotics and precursor materials with DEA; (3) improving PRC cooperation with the FBI and allowing establishment of an office in Beijing; (4) improving cooperation to combat money laundering; and (5) enhancing efforts to curtail the diversion of precursor chemicals, particularly into Burma.

b. Methamphetamine problem more widespread than expected. MDMA/Ecstasy (Dutch produced) has arrived in East Asia. Chinese, Vietnamese, and Thai officials discussed the spreading epidemic of methamphetamine use in large cities and rural areas, especially among youth. Thailand is the hardest hit, with an estimated 600 million methamphetamine tablets flooding the country this year. Hong Kong, Vietnamese, and Thai authorities also mentioned that MDMA/Ecstasy (produced in The Netherlands) is increasingly appearing at youth gatherings, with the magnitude of the problem highlighted by several recent large seizures by Customs officials in these countries.

c. Drug consumption is increasing, producing follow-on HIV/AIDS epidemics in China and throughout SEA. A dramatic increase in heroin and methamphetamine addiction rates in China and Burma is contributing to an HIV/AIDS epidemic. China may have as many as 12 million addicts and is now faced with a massive influx of heroin from both Burma and Afghanistan.

China is also encountering greatly increased drug-related corruption and violence. Domestic production of methamphetamines has exploded and become an export product. An estimated 90 percent of the population in northern Burma is affected by HIV/AIDS. Drug treatment facilities in Kunming, China, were the largest we have seen in any country, handling some 3,000 addicts, mostly young people (17-35 years old) and increasingly a larger percentage of women.

d. Vietnam may be ready to expand bilateral CN cooperation. We requested serious consideration of a pending US-Vietnam CN agreement and received encouragement from Vietnamese officials that action would be forthcoming. The Vietnamese are increasingly concerned about rampant drug addiction among young people and a growing corruption problem among officials.

e. We have a new opportunity to enhance US-Thailand CN cooperation and fortify an already excellent relationship with our strongest SEA ally. The Royal Thai Government has declared drug trafficking to be its principal national security threat and is moving aggressively to reduce the supply of drugs (methamphetamine and heroin) flooding across the Thai-Burmese border. In reassuring them of our continued commitment to cooperation, we proposed an Action Plan to include the expanded sharing of intelligence on Burmese trafficking in methamphetamine and heroin, increased law enforcement cooperation, additional CN training for law enforcement and military units, and demand reduction initiatives to address the methamphetamine epidemic.

3. CONCLUSION. Authorities in each country we visited understand that we share a common/global problem that requires shared responsibility. Trip expectations were exceeded especially in China and Vietnam where we found officials interested in expanded cooperation. In coming months, we expect to: (1) increase our long-standing CN cooperation with Thailand; (2) establish enhanced cooperation with China on specific counterdrug objectives and encourage their regional leadership; and (3) explore avenues for developing increased cooperation with Vietnam.

From a foreign policy perspective, this trip demonstrated that our international approach to drug control should consider the drug control needs of our partner nations and not focus exclusively on issues related to reducing the supply of drugs to the United States. Where appropriate, drug policy cooperation can transcend other foreign policy differences and contribute to stronger and mutually beneficial bilateral relations.

1/12



Barry R. McCaffrey
Director

rigorous military analysis; Sandy believes the Center is correctly taking economic and political factors into account in assessing China.

(C) **MaCaffrey memo re: ONDCP trip to China and Southeast Asia** – Barry reports on his successful, first-of-its-kind trip that enhanced our counternarcotics relationship with Thailand, improved our relationship with Vietnamese officials who indicated potential willingness to sign a pending CN agreement; and revealed surprising willingness by Chinese officials to cooperate on a wide range of strategic issues. Barry found methamphetamine problems are more widespread than expected; Ecstasy has arrived in East Asia; and increased drug consumption in China and SEA is contributing to an HIV/AIDS epidemic. From a foreign policy perspective, Barry suggests that our international drug control approach should consider the drug control needs of our partner nations and not focus solely on reducing drug supply to the U.S.

(D) **Echaveste update re: E.O. on Minority Business** – In response to your question, Maria reports that the Administration is working closely with Weldon Latham and Rep. Al Wynn on an Executive Order for Minority Contracting; she expects to have it ready for circulation in three weeks.

(H) **Echaveste memo re: Bush INS restructuring plan** – In response to your question on Gov. Bush's INS proposal, Maria reports that his proposal is similar to the Administration's in that both plans would split the INS into two agencies -- law enforcement and immigration services. Our plan calls for a single, high-level, immigration official to oversee both agencies; Bush has not endorsed particular legislation but has indicated his proposal shares features of Sen. Abraham's proposal (which is similar to the Administration's). A House Republican proposal, which we strongly oppose, would separate law enforcement and immigration services into two agencies that report to the AG.

(F) **Echaveste/Ibarra memo re: Arizona-Mexico border issues** – In response to your conversation with Gov. Hull and your question regarding a *Washington Post* article on the current tensions between Arizona ranchers and illegal immigrants, Maria and Micky provide a detailed memo, reporting that while the situation remains volatile, there has been progress. A DOJ investigation in Arizona has found no violation of federal laws by the ranchers; DOJ's Community Relations Service arranged meetings with Latino leaders and provided community relations training to border patrol agents, with some positive outcomes. As you know, INS efforts along the Texas and California border have increased illegal crossings in Arizona (press reports indicate up to 10,000/day). In response, INS has increased personnel and resources, established a 24-hour hotline, and brought in USBP Chief David Aguilar who has been credited with improving the Border Patrol's efforts. Gov. Hull asked for your support for legislation co-sponsored by Rep. Kolbe to modify the temporary guestworker program; the Administration strongly opposes the bill because it would reduce opportunities for U.S. citizens and legal residents and depress their wages and work standards. DOJ is working to expedite construction of a fence along the border. Finally, your FY01 budget seeks funding to help alleviate environmental impacts on the San Pedro River from development and illegal immigration.

THE WHITE HOUSE

Deputy Chief of Staff 7 9 .00

July 7, 2000

Mr President

We are working closely with both Weldon Latham and Congressman H Wynne on an executive order for minority contracting. We expect to have it ready for circulation in three weeks.

Mania

cc: John Podesta

7-6-00
THE WHITE HOUSE
WASHINGTON

JP/Maria 7/6

copied
Echaveste
Podesta

Wednesday
say we're considering
ex. order on minority
Business.

Are we? What's status?

TR

copied
Podesta
Echaveste

(G)

Sec. Richardson memo re: recent climate change developments – Bill updates you on recent DOE efforts at home and abroad, including their developing country strategy to: persuade governments to adopt greenhouse gas emissions targets, establish dialogues with “major emitters,” and include environmental protection as a component to all energy development discussions. International highlights include: an announcement this month that Bolivia will take a binding greenhouse gas emissions target under the Kyoto Protocol, the first country to do so since Kazakhstan and Argentina did in 1998; real progress with India, China, and Mexico (e.g., joint signing of a clean energy statement with Jaswant Singh as a precursor to the agreement signed on your trip; DOE has also signed bilateral climate change statements with South Africa, Mexico, Kyrgyzstan, Lithuania, Latvia, Estonia, and the Philippines). Domestically, Bill continues to push electricity restructuring legislation though doubts it will be enacted this year; on PNGV, the Big Three automakers agreed to market more fuel-efficient cars within the next 3-4 years. Despite success in demonstrating that our approach to reducing emissions while supporting a thriving economy is correct, limited congressional funding remains a problem.

(H)

Congressional Correspondence (via Casstevens) – Kay forwards letters from: (1) **Jim Oberstar (D-MN)**, thanking you for your personal effort, and the efforts of Chuck Brain and Bill Daley, to protect the workers in the Mesabi Range taconite plant; (2) **Patty Murray (D-WA)**, thanking you for naming the Hanford Reach portion of the Columbia River as a national monument, which held special meaning for Patty and her father; (3) **Chris Dodd (D-CT)**, thanking you for making his anniversary gala such a special evening and for being so kind to his family; (4) **Tom Harkin (D-IA)**, thanking you your kind note of condolence and call on the death of his brother Frank; (5) **Gordon Smith (R-OR)**, thanking you for visiting with his daughter and the Royalty Court of Pendleton Round-Up and forwarding his remarks on Hate Crimes that you requested; (6) **Gephardt (D-MO)/Kennedy (D-RI)/Roybal-Allard (D-CA)**, thanking you attending the first-ever DCCC reception with the Democratic Hispanic Members of Congress; and (7) **Rush Holt (D-NJ)**, thanking you for your kind remarks at the NDN Network and welcoming any discussion with you regarding his campaign.

Material from Ambassador Cynthia Schneider re: North Sea Jazz Fest – Cynthia forwards the program from the *North Sea Jazz Festival* (July 14-16 in the Hague), and a summary of press coverage of your message congratulating the *Festival* on its 25th Anniversary.

7-9-00

1

THE WHITE HOUSE

WASHINGTON

July 7, 2000

'00 JUL 7 PM6:27

MEMORANDUM FOR THE PRESIDENT

FROM:

KAY CASSTEVEN *KC*

SUBJECT:

CONGRESSIONAL CORRESPONDENCE

Attached for your review is a note from Sen. Patty Murray (D-WA), thanking you for naming the Hanford Reach portion of the Columbia River as a national monument.

*copied
Leg Affairs
Casstevens
Richetti
Podesta*



UNITED STATES SENATE
WASHINGTON, D.C.

PATTY MURRAY
WASHINGTON

June 22, 2000

Dear Mr. President,

I wanted to tell you personally how much I appreciated you naming the Harford Beach a National Monument. My grandfather settled in this area in the early 1900's and my dad was born there. As a teenager he watched a "secret factory" be built at Harford, and then he went off to war and came back a disabled veteran. He spent

'00 JUL 6 PM3:38

THE WHITE HOUSE

WASHINGTON

July 6, 2000

THE PR

7-9-00

MEMORANDUM FOR THE PRESIDENT

FROM: KAY CASSTEVENSON *Kay*

SUBJECT: CONGRESSIONAL CORRESPONDENCE

Attached for your review is a letter from Rep. James L. Oberstar (D-MN), thanking you for your personal effort and the efforts of the White House staff and Cabinet members regarding the protection of the workers in the Mesabi Range taconite plants.



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

June 1, 2000

JAMES L. OBERSTAR
8TH DISTRICT, MINNESOTA

Dear Mr. President:

7-9-00

Now that the intensity of activity surrounding the China PNTR vote has subsided, I wanted to offer you my most heartfelt gratitude for your personal effort on behalf of my concern about the workers in the Mesabi Range taconite plants, and the very substantial, sustained, and genuine efforts by your White House staff and cabinet members.

Chuck Brain was absolutely superb, genuine, heartfelt in making sustained efforts, first on the Africa-CBI trade conference report and then on the PNTR bill itself. Clearly, neither he nor you could move the Republican House and Senate leadership, nor the Ways and Means Committee chairman.

Secretary of Commerce Bill Daley and his staff, the Labor Department staff, all were most genuine, concerned, creative in trying to work out non-legislative means of doing justice by the miners - but, again, it was not within their power to do so.

I have told audiences back home that had it been within the authority of President Clinton to do so, we would have these two issues on their way to being signed into law - standing for the steel worker unions to bring unfair trade cases on imported slab steel in the International Trade Commission and eligibility for TAA benefits when imported slabs displace taconite and their jobs. I have, in public forums, related our private conversations of your genuine, thoughtful, creative, restless, searching effort to find a legislative vehicle or an administrative "loophole" to help them. In the same breath, I have pointed out to the steel worker membership how much you've done for labor, beginning with your executive order reinstating PATCO members, Amtrak labor, freight rail labor, transit worker issues, Davis-Bacon for the Building Trades and your very first initiative on family and medical leave. People do have to be reminded when so much has been done over so many years.

I further appreciate the continuing effort of your staff to find a way to include these two measures in some forthcoming trade bill.

The day after the PNTR vote, the headline story, which I have enclosed, rocked the Northland of my district: 1400 jobs, 7 million tons of production capacity will be closed within a year. The population of Hoyt Lakes: 2600; the neighboring community of Aurora: roughly 3000.

The message is very clear to all of us in the Northland: LTV Steel, weakened by subsidized foreign steel imports over the past decade and a half has not been able to make the necessary investments to modernize this plant and keep it competitive. While LTV will keep its last furnaces functioning for the next 10 months or so, I have little doubts that they, too, will begin importing slab steel this time next year, underscoring my concerns and previous experience.

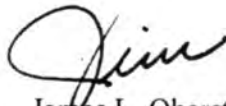
Fortunately, the Economic Development Administration was immediately responsive with a \$20,000 planning grant, which I announced at a Friday morning meeting in Hoyt Lakes, to begin the process of developing a scope of work for the future economy of not only Hoyt Lakes, but the surrounding communities as well.

I pointed out repeatedly in meetings last Friday, at the Union Hall, in the City Community Center, and at the LTV plant gate, how fortunate we are that the Clinton economy is booming and that there will be other opportunities for us to explore and that the EDA has been reauthorized and funded at a substantially higher level than during Republican years to help with future development plans through the Title IX program.

Again, Mr. President, thank you ever so much for your personal involvement with this issue; I shall always be appreciative of your intense care and concern.

Warmest personal regards.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim", written in a cursive style.

James L. Oberstar, M.C.

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue NW
Washington, D.C 20500

Fire escape

Residents count their blessings
after Simms Lake blaze

LOCAL NEWS - 1B



Barbe-clue

Smoke out some good marinades
to achieve true grilling glory

TASTE! - 1F

On the ball

Duke's general manager
Stavrenos dedicated to baseball

SPORTS - 1C

Duluth News Tribune

www.duluthnews.com

THURSDAY, May 25, 2000

Vol. 130 No. 22 50 cents



Partly Cloudy
High: 68
Low: 42

◆ Aging plant couldn't compete ◆ Stripping operations to stop Sunday ◆ Other plants will pick up slack

Devastating blow

LTV's Hoyt Lakes plant closing; 1,400 jobs gone

*First round of layoffs
to begin in August;
operation will close
by summer 2001*

By *unpublished and Ron Eichen*
New *are staff writers*



Complete
coverage
inside

What next?

Dark clouds hovered over the East Range communities of Aurora and Hoyt Lakes on Wednesday. It was a strange sign — marking one of the darkest days in Northeastern Minnesota's recent history.

Cleveland-based LTV Steel Co. Inc. made a surprise announcement Wednesday morning that it will permanently close its Hoyt Lakes taconite plant in about one year, eliminating 1,400 jobs that pay an average of \$65,000 a year, including benefits.

After 43 years of producing taconite, LTV Steel Mining Co. ore quality has declined, producing a low-quality taconite pellet that is too expensive to refine in blast furnaces, LTV Steel Co. president Richard Hipple said at a news conference in Duluth.

The need for renovation of the aging plant — estimated at about \$700 million over the next 10 years — also can't be justified, Hipple said.

Stripping operations will be halted Sunday, roughly 120 employees involved in that operation will be laid off in August.

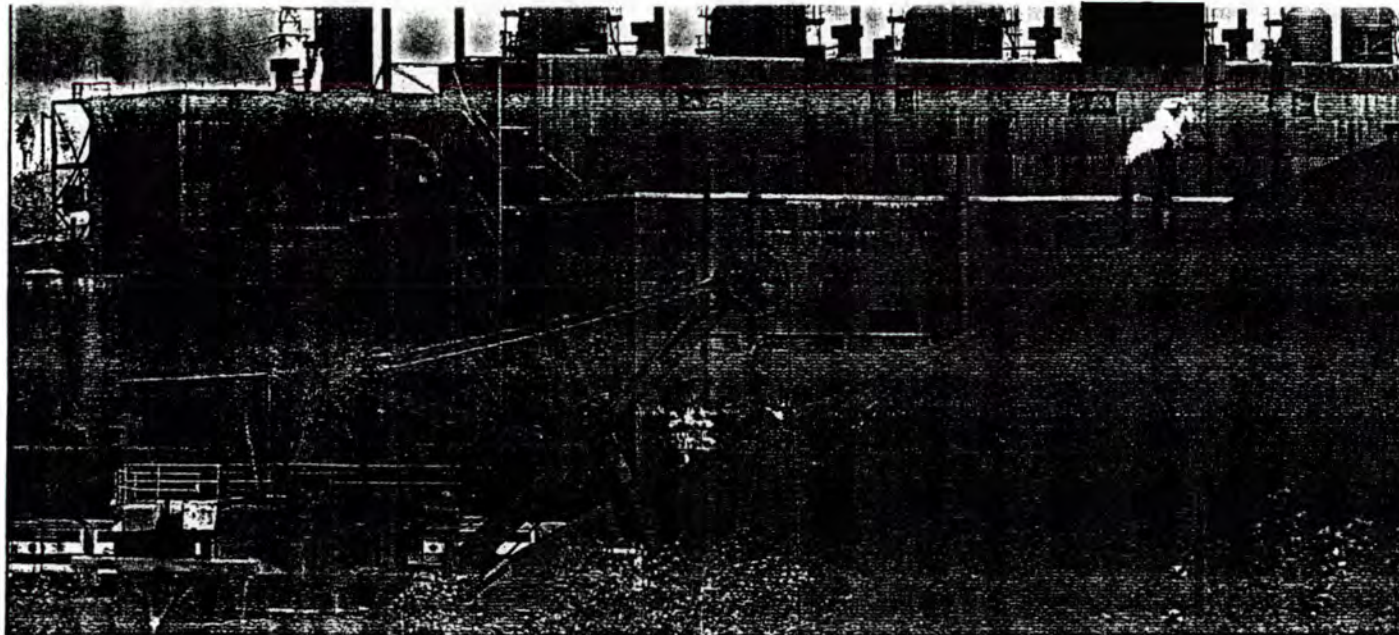
A majority of the remaining 1,280 employees will not be affected until July 2001, when the plant is to be shuttered for good.

"We plan to be sensitive to the impacts on the local community and employees," Hipple said.

But in the small communities that were born from the start of the taconite plant, the announcement hit the East Range like a bomb.

"My stomach dropped to the floor," said Hoyt Lakes Mayor Marlene Pospeck, who learned of the closing at 8 a.m. Wednesday. "It was like my stomach was hit by a 10-ton brick."

"We know for the last four



PHOTOS BY BOB KING / NEWS TRIBUNE

LTV Steel Mining Co. plans to permanently shut down over the next year, putting 1,400 employees out of work.

For communities, future suddenly uncertain



By Baird Helgeson
News Tribune staff writer

HOYT LAKES — Adam Deutsch expected to sign a purchase agreement on a new house today.

"That's not going to be happening now," said Deutsch, general manager of the IGA grocery in Hoyt Lakes. "It's just too risky now."

The announcement Wednesday that LTV Steel Mining Co. will close next year shocked the region, especially Deutsch.

Deutsch got engaged Sunday. It is supposed to be the time of his life, he said. Now his life is filled with apprehension and fear.

"It's really scary to me," said Deutsch, 31. "I don't know what's



1954 and has seen the good times and the bad.

"It looks like we are back to bad times," said Oelrich, 68, of Hoyt Lakes.

Leaders plot next move

Politicians and leaders were forming plans less than an hour after LTV Steel Co. Inc. announced. Wednesday it would close LTV Steel Mining Co. in Hoyt Lakes. **Page 6A.**

Timeline A brief history of taconite

From taconite's inception in 1913 to Wednesday's jolting news of LTV's closure. **Page 6A.**

The facility Cliffs looking at alternatives

Cleveland-Cliffs Inc. plans over the next four months to look at other uses for LTV Steel Mining Co. as either a direct reduced iron plant or non-ferrous minerals processing facility. **Page 7A.**

The town Hoyt Lakes grew with mine

The city of Hoyt Lakes was built as a model community in the 1950s, a showcase modern company town that

We know for the last few years that things weren't the

Please see DEVASTATING, Page 6A

(From left) Jim Westbrook, 58, Ron Heruth, 61, both of Gilbert, and Jerry Koroshec, 58, of Hoyt Lakes, talk about the ill effects of the LTV plant shutdown as they leave their shift Wednesday afternoon. "It's going to be tough on the young guys," Westbrook said.

It's really scary to me," said Deutsch, 21. "I don't know what's ahead."

Deutsch is not alone.

Retiree Marlene Oelrich was there in

times," said Oelrich, 66, of Hoyt Lakes. "It's going to turn this town into a

Please see FUTURE, Page 7A

pany town that evolved as the taconite industry developed. Page

House votes to grant China normal trading privileges

By Eric Schmitt and Joseph Kahn
New York Times

WASHINGTON — In a stunning victory for the Clinton administration and corporate America, the House on Wednesday swept aside economic restrictions on China that were part of anti-Communist policy for more than a quarter century.

By a surprisingly wide margin of 237-197, lawmakers granted Beijing permanent normal trading privileges after months of fierce lobbying that

pitted business against organized labor. A larger-than-expected Republican majority delivered President Clinton's top remaining legislative priority: three out of four Republicans voted in favor, while two out of three Democrats voted against.

Wednesday's vote virtually assures the end of the annual review of China's trade status, a ritual for 20 years that Beijing considers humiliating but opponents say maintains leverage over improving human rights. Congress has approved the

trade status every year. The Senate is expected to endorse the permanent measure as early as next month, but may question some of the amendments the House added to the bill.

In his waning days in office, Clinton threw the powers of the presidency behind passing what he considers a crowning foreign policy triumph. He met with more than 100 lawmakers face-to-face or in groups, sometimes on Air Force One, telephoned scores more and traveled to

Please see CHINA, Page 8A



Oberstar:
Votes no



Obey:
Votes no; for more votes, see Page 8A

Available jobs for displaced likely not on par with LTV

By Peter Passi
News Tribune staff writer

It's a drill Dennis Wain knows all too well.

As executive director of the Minnesota Office of Job Training, he's responded to more than his fair share of taconite mine closures in the past two decades.

It never gets easier to witness what workers go through. "It's one of the hardest things there is," Wain said. "To lose a job is right up there with having a death in the family."

This week, he and staff are scrambling to set up a satellite office in Hoyt Lakes, where 1,400 LTV Steel workers

learned they will lose jobs in 2001.

Statewide, about 6,000 people are employed by the taconite industry, said Glumac, president of the Minnesota Mining Association, a trade group that represents the industry. The cuts at LTV could trim that number by about 23 percent.

Wain believes the vast majority of workers dismissed by LTV will find jobs quickly, but staff will be hard-pressed to place them in posts that offer comparable pay.

Vivian Sylvester, a regional labor market analyst for the Minnesota Department of Labor, said

Please see JOBS, Page 7A

>KNIGHT RIDDER<

INFORMATION FOR LIT

Devastating blow

Taconite: a brief history

1915: E.W. Davis of the University of Minnesota begins to experiment in Duluth with taconite.

1929: Mesabi Range produces 35 million tons a year.

1941-45: Seventy-five percent of the iron for the World War II effort comes from Minnesota, mostly the Mesabi Range.

1951: Seventy-three million tons shipped from the Mesabi Range, 82 percent of the country's total iron ore output.

1955: Reserve Mining Co. opens a mine and processing plant in Babbitt and concentrator and pelletizing plant in Silver Bay.

1956: First load of taconite shipped from Twin Ports.

1957: Erie Mining (now LTV Steel Mining Co.) opens a taconite plant in Hoyt Lakes.

1959: Mesabi Range population 98,000; miners among the highest-paid blue-collar workers in the state.

1960: Taconite production

DEVASTATING *Continued from Page 1A*

best, but we never expected this," said Jerry Fallos, president of United Steelworkers of America Local 4108 in Aurora. "It's just unbelievable. It's totally unexpected, not only for the people who work in the mine, but for the communities."

Company officials say the plant became a victim of low-quality ore and age.

The plant's age has made LTV Steel Mining Co. the most inefficient taconite plant on the Iron Range based on pellets produced per man hour. That's despite investing \$20 million in the facility annually since 1995.

The mine now yields low-quality ore that is costly to process, Hipple said. The resulting taconite pellets contain high impurity levels that perform poorly in blast furnaces, he said.

"It's important to note that this is not a people issue. Nobody is at fault. Everyone has tried hard to do the best job possible. In fact, these efforts have extended the life of this mine," Hipple said.

Cleveland-Cliffs Inc. manages the LTV Steel Mining Co. In Minnesota, Cliffs also owns and manages Northshore Mining Co. and



tion for the first time — 29 million tons of taconite vs. 21 million of natural ore

1973: Federal government suit against Reserve Mining for dumping taconite tailings into Lake Superior begins.

1978: Mining employment peaks at 15,132 workers.

1979: Iron Range produces 54.4 million tons of taconite, a record that stands today; eight taconite plants operating on Iron Range.

1980: Reserve Mining begins piping tailings to Milepost 7.

1982: Steel industry demand plummets; Minnesota iron ore industry produces 23.2 million tons.

May 1985: Butler Taconite closes; mining employment plunges to 5,979.

June 1989: Bankrupt Reserve Mining closes; LTV Steel files to reorganize finances in bankruptcy court.

1990: Cyprus Amax Minerals purchases the former Reserve Mining, renaming it Cyprus Northshore Mining. Mining employment grows to 6,379 but declines throughout 1990s.

February 1991: Bankruptcy judge approves LTV Steel reorganization.

August 1992: Steelworkers

In its most recent quarterly report, LTV Corp. LTV Steel Mining Co.'s parent company, said it might be eliminating some non-productive assets, but the company did not specifically name the Hoyt Lakes plant.

Although employees were not notified of the decision until Wednesday morning, Hipple said it was no secret that the ore quality had become a problem.

Tragedy for employees

"This is an extreme tragedy for LTV employees, their families and the community," said Ann Glumac, president of the Iron Mining Association of Minnesota. "It does point out that our industry faces an incredible challenge. We're competing on a global playing field having much better ore bodies that often are much closer to processing plants."

The mine closure will create an employment void that may be impossible to fill, she predicted.

"We don't want to see this happen in another community. It's pretty hard to replace \$65,000-a-year jobs, no matter how good your economic development efforts are," she said.

LTV Steel Mining Co. employees will be offered two job options.

Over the next five years, LTV needs about 1,900 replacement employees at other LTV Midwest steel facilities, said Mark Tomasch, an LTV Corp. spokesman.

LTV Steel Mining Co. employees will also receive preferential hiring at Cliffs' Minnesota and Michigan iron ore operations.

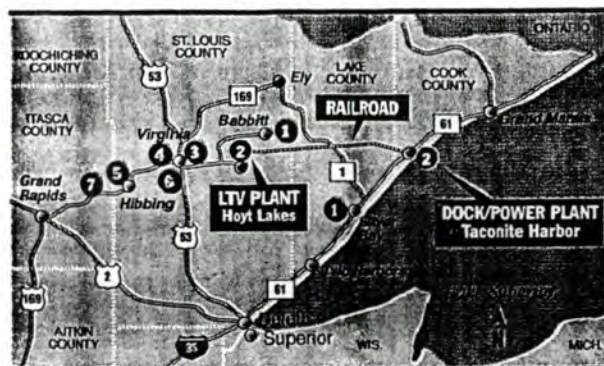
About 560 workers, 40 percent of LTV Steel Mining Co.'s workforce, are immediately eligible for pensions. That will leave about 840 workers looking for jobs.

LTV Corp. finances

LTV Corp. lost \$16 million

LTV Steel Co. president Richard Hipple (left) announces the plant closing at a morning press conference at the Holiday Inn in Duluth Wednesday. Listening at right is Mark Tomasch, LTV Corp. spokesman.

Northeastern Minnesota taconite plants with LTV Steel Mining Co. operations in black



PLANT	OWNER(S)	CAPACITY*
1. Northshore Mining Co. Babbitt/Silver Bay	Cliffs Mining Co. 100%	4.7
2. LTV Steel Mining Co. Hoyt Lakes/Taconite Harbor	LTV Steel 100% (Manager: Cliffs Mining Co.)	8.0
3. Minnatac Plant Virginia	Ispat and Mining Co. 100%	2.9
4. Minntac Plant Mountain Iron	USX Corp. 100%	15.0
5. Hibbing Taconite Co. Hibbing	Bethlehem Steel Co. 70% Cliffs Mining Co. 15% Steel Co. of Canada 15% (Manager: Cliffs Mining Co.)	3.5
6. EVTAC Eveleth/Forbes	Rouge Steel Co. 45% Virginia Horn Taconite 40% Ontario Eveleth Co. 15%	5.4
7. National Steel Pellet Co. Nashua	National Steel Corp. 100%	1.0

*Annual production capacity in millions of tons that can be sustained under normal operating conditions.

News Tribune Graphics

competitors performed badly, too, but not as badly: National Steel, for example, fell from about \$20 to between \$5 and \$6.

10 Wall Street analysts follow LTV Corp. believe the company will return to profitability next year, a report by the

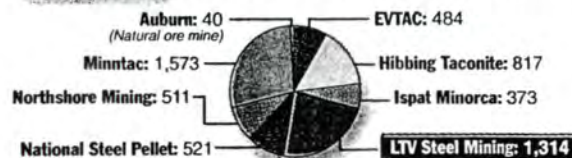
came to a critical crossroads, where do you pour the capital in or shut it down. And, in this case, I think they made the right decision."

The shutdown won't be enough to make LTV's stock rebound, Schwaninger said. But he



1999 mining employment on Minnesota's Iron Range

LTV Steel Mining Co., which announced Wednesday it would close, was the second largest Minnesota mining employer in 1999.



SOURCE: Minnesota Department of Revenue

News Tribune Graphics

Co. has been one of the most inefficient taconite plants on the Iron Range.

In 1998, LTV Steel Mining Co. produced 2.24 long tons of taconite pellets per man hour worked, according to Peter Kakela, an industry analyst at Michigan State University in East Lansing, Mich. (A long ton is 2,240 pounds; a regular ton is 2,000 pounds.) By comparison, other Cliffs-managed facilities fared better. Hibbing Taconite produced 4.44 tons per man hour; Northshore Mining Co. 3.88 tons per man hour and Empire Mine in Upper Michigan 3.72 tons per man hour.

"I think the sad part of this is that it means good stuff (increased production) for everybody else," Kakela said. "If anything, this will push other plants up to full capacity and beyond."

Despite cost-cutting efforts, LTV Steel Mining Co. cannot compete in today's market environment, which Hipple said is led by less-expensive im-

s. "The bottom line situation is that we simply have a mine that

would still be left with a high cost, low-quality ore body," Hipple said.

For that reason, the firm didn't seek assistance from the Iron Range Resources and Rehabilitation Board or the Minnesota Legislature, he said.

LTV Steel Mining Co. is scheduled to produce roughly 6 million tons of taconite pellets this year. When the plant closes, Cliffs will supply taconite pellets to LTV Steel Co. under a 10-year contract. The pellets will come from other Cliffs' taconite mines primarily in Minnesota and Michigan's Upper Peninsula. During 2000-01, LTV Steel Co. will get about 1 million tons of taconite pellets from other Cliffs facilities.

In future years, that supply will be increased to as high as total of 50 million tons over a 10-year contract, said Dave Gagner, a Cliffs spokesman.

It's likely many of those pellets will be produced at two other Cliffs plants — Northshore Mining and Hibbing Taconite. Even as LTV closes, both Northshore Mining and Hibbing Taconite could expand.

August 1993: Steelworkers strike National Steel for one year.

1994: Production breaks the 40 million ton mark for the first time since 1981 with 42.5 million tons.

1994: Cleveland Cliffs Inc. buys Northshore Mining.

1998: Minnesota Iron & Steel Co. announces plans to build a \$1 billion taconite and direct-reduced iron plant near Nashua, Minn.

1998: Mining employment is 5,962.

1998: Cleveland Cliffs Inc. announces it is considering developing a pig iron facility at Northshore Mining in Silver Bay.

May 24, 2000: LTV Corp. announces permanent closing of LTV Steel Mining Co. in Hoyt Lakes. Roughly 1,400 employees will lose their jobs.

LTV Corp. finances

LTV Corp. lost \$16 million during the first quarter of 2000, compared with a \$29 million loss during the same quarter last year. Wall Street analysts regained some confidence in the company when it beat analysts' expectations during this year's first quarter.

Like most of its competitors, LTV Corp.'s stock value has plummeted in the last five years. The stock dropped from about \$14 in 1998 to about \$3 now. Many

who follow LTV Corp. believe the company will return to profitability next year, a report on the Multex.com Inc. Web site indicated.

Nevertheless, finances would probably drive the company to shut down LTV's Hoyt Lakes plant eventually.

"Given the age of the mine, I think it was a matter of time before this was going to happen anyway," said Bob Schenovsky, a stock analyst for Merrill Lynch. "They got to a point where they

The shutdown won't be enough to make LTV's stock rebound, Schenovsky said. But he said the company should be able to save \$60 million annually after its one-time charges for plant shutdowns.

Production numbers

LTV Corp. reported \$4.1 billion in sales in 1999 and \$4.3 billion in costs for a net loss of \$209 million.

For years, LTV Steel Mining

ports.

"The bottom line situation is that we simply have a mine that is outdated. It is based on obsolete shaft furnace technology. The net result is a high-cost operation that produces low-quality pellets that have a negative impact on our blast furnaces," he said. "A major recapitalization of LTV's mine simply cannot be justified and is cost-prohibitive and is too much for anyone to take on."

"Even this expenditure would have problems, because we

shore Mining and Hibbing Taconite could expand.

Lee Bloomquist covers the Iron Range taconite industry. He can be reached weekdays at (800) 368-2506, (218) 744-2354 or by e-mail at leebloom@the-bridget.net. Ron Brochu covers business. He can be reached weekdays at (877) 269-9672, (715) 279-5502 or by e-mail at rbrochu@duluthnews.com. Staff writer Craig Lincoln also contributed to this report.

Iron Range leaders plotting next move in wake of closing

By Lee Bloomquist
News Tribune staff writer

Community leaders and politicians aren't ready to give up on LTV Steel Mining Co.'s future.

On Wednesday, many were forming plans less than an hour after LTV Steel Co. Inc. announced it would close LTV Steel Mining Co. in Hoyt Lakes.

"The death sentence was given to both Reserve Mining and National Steel Pellet Co. and they're both still operating," said Sen. Doug Johnson, DFL-Cook. "So, the Iron Range delegation will not give up."

"It's terrible news for the east end of the Range," said Rep. Tom Rukavina, DFL-Virginia. "We have to do everything we can to market that plant."

Gov. Jesse Ventura planned to meet with LTV Steel Co. president Richard Hipple Wednesday night. "We in government will do everything we can to ease the pain," he said Wednesday in Duluth.

The Hoyt Lakes City Council met in emergency session, Johnson and other Iron Range political leaders set up meetings today with LTV Steel officials and Iron

Range Resources and Rehabilitation Commissioner John Swift said he plans to call on state agencies for assistance.

For years, Iron Range economic development officials have been trying to attract jobs to complement the good-paying jobs at taconite plants. But few of those jobs pay as well as taconite plants.

In losing 1,400 jobs, Iron Range leaders now say they will really have work to replace those jobs and find new ones.

"When those 3M employees left their jobs in the Twin Cities,

they could go to the other side of town and find jobs," Johnson said. "But where do these people go?"

In Hoyt Lakes, the City Council will hold a special 1 p.m. council meeting with top LTV officials in attendance.

U.S. Rep. Jim Oberstar may meet with local and LTV officials Friday.

Hoyt Lakes city officials haven't yet gauged what impact losing the plant and its jobs will have on the city and its \$4 million annual budget.

But they're trying to remain optimistic.

Hoyt Lakes Mayor Marlene Pospeck says IRRRB officials have indicated that several potential economic development projects could possibly be located to Aurora and Hoyt Lakes to help offset the plant's loss.

One of those potential businesses would bring 400 jobs, Pospeck said. "I have also asked Doug (Johnson) that Minnesota Iron & Steel look at using the LTV plant for their pellet production," she said.

Swift said the IRRRB has several potential businesses "in the pipeline" that are considering relocating from the Twin Cities.

Available jobs for displaced likely not on par with LTV

DEB Continued from Page 1A

ment of Economic Security, said \$93.05 was the average weekly wage earned by a mine worker in St. Louis County during the second quarter of 1999 (the most recent period for which data is available).

That's 80 percent more than the overall average weekly wage earned by workers in the county — \$506.02.

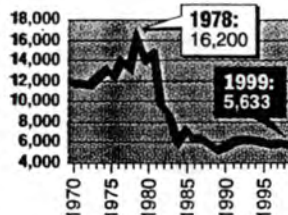
When benefits are calculated into the picture, Glumac said LTV taconite workers pulled in an average of about \$65,000 per year.

"The shutting of this mine will have a devastating impact on the local economy," said Tony Barrett, a professor of economics

Missing miners

Taconite jobs 1970-1999

Employment at Northeastern Minnesota's taconite plants has fallen dramatically from the late 1970s and early 1980s when more than 16,000 worked in the open pit mines and taconite processing facilities.



SOURCE: Minnesota Department of Revenue

News Tribune Graphics

at the College of St. Scholastica, pointing to its effect on retail sales, the real estate market and the local tax base.

LTV reported its Hoyt Lakes operation paid about \$20 million in taxes and spent \$200 million on wages, benefits and local pur-

chases in 1999.

Barrett said the closure will affect mining support industries and retailers throughout the Northland.

On average, wages paid to workers tend to turn over in the economy about 2.5 times, accord-

ing to Sung Won Sohn, senior vice president and economist for Wells Fargo. For higher paying jobs, such as those provided by the taconite industry, Sohn said the multiplier is probably closer to three.

For every mining job lost, another will be lost in other area businesses, said Jerrold Peterson, a professor of economics at the University of Minnesota-Duluth. He explained that fewer dollars in the economy will force cuts in all sorts of service and support jobs, causing a possible total loss of 2,800 jobs in the region.

After the Hoyt Lakes operations close, LTV said it plans to purchase most of its taconite from Cleveland-Cliffs.

That could lead to more jobs at Cleveland-Cliffs' operations,

and the company has pledged to give preferential consideration to workers laid off by LTV.

"If employment goes up at other mines it will soften the blow," Barrett said. "But it won't be on a one-for-one (job) basis."

Wain said displaced workers who are forced to change fields will be offered retraining and job-search assistance.

The job outlook is far brighter than in the 1980s, he said. "In the 1980s, there was such an enormous dislocation that there were virtually no high-wage jobs available."

Although memories of those tough economic times remain fresh, Glumac said, "These are not the 1980s. First of all, the national economy is very strong. And there's great demand for steel."

Unlike in the 1980s, Sohn said

strong consumer spending continues to fuel demand for steel. "In the '80s, as you recall, there was double-digit inflation. And the Federal Reserve decided to slaughter inflation by jacking up interest rates to sky-high levels."

Glumac also said Minnesota's taconite mines have made remarkable improvements since the 1980s, becoming more efficient and doubling their productivity.

She sees the Hoyt Lakes closure as a unique situation. The outdated equipment at the mine would have been expensive to replace, and the highest quality of ore had already been removed.

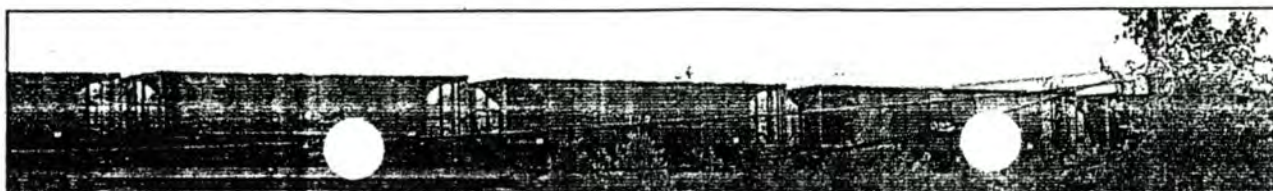
Peter Passi covers business and development. He can be reached weekdays at (218) 279-5526 or by e-mail: ppassi@duluthnews.com

For communities, future suddenly uncertain

FIGURE Continued from Page 1A

retirement community. It is so sad for all the younger people."

st miners at the end of the lift appeared sullen as they walked through the main gate. A



Cliffs
explores
options

or toward nothing at all. A few miners stopped to talk.

"There had been a lot of rumors," said Dave Johnson, an electric coordinator at the mine. "I'm just not sure what it will all mean. I just hope I can find something in the area so I don't have to move."

Hoyt Lakes and neighboring Aurora are defined by the thick forests and the many lakes.

"It is why people stay here," said JoAnne Ebert, an employee of Mesaba Drug and Ben Franklin in Hoyt Lakes. "The tragedy of it all is that people might have to move away from the place they love, away from all this beauty."

Johnson has worked at the mine for four years and is confident his electrical skills will help him find a new job in the area. "I'm not real worried," the Aurora man said. "But those guys who just drive trucks, what are they going to do?"

Jim Westbrook, Ron Heruth and Jerry Korosher left the mine Wednesday in the same pickup truck. Together, they represented more than 100 years of experience in the mine.

"We're going to wait until it closes before we make any decisions," said Westbrook, 58, of Hoyt Lakes. "It's really going to be tough on the younger guys."

Dave Holm is one of the newer miners. He's worked at the mine four years, but said he never thought it would last forever.

"You've got to keep it in the back of your mind that it's going to end," said Holm, 44, of Aurora. "In many ways, I've been planning for it."



BOB KING / NEWS TRIBUNE

Miners leave the LTV plant in Hoyt Lakes at the 2:30 p.m. shift change Wednesday. Some gestured at the plant, the media and no one in general as they left.

The LTV closure will likely cause the demise of Ruth Thuringer's business, Friendly Liquors in Hoyt Lakes.

"It's going to be absolutely devastating," Thuringer said. "I'll be OK for awhile, while they drink away their sorrows with their unemployment checks, but eventually they will leave."

Kileen Trueblood has seen it all before. She and her husband were living well in Williston,

N.D., until the oil business went bust.

"We lost everything," said Trueblood, a stylist at Eclips Total Hair in Hoyt Lakes. "We lost our house right out from under us. I know what it's like to live on food stamps. I know what it's like to start over."

Trueblood and her husband, a diesel mechanic, won't be hit as hard as those who work in the mine, she said.

"Losing everything is a good

lesson for younger people,"

Trueblood said. "These kids are living high on the hog; they have so much stuff. It will be good for them to learn how to survive."

Brenda Habermann, owner of Ron's Bakery in Aurora, said she is convinced the beauty of the region and the kindness of residents will keep people in the area.

Habermann and her husband, Tim, have lived all over the country, including Miami, San

Francisco and Minneapolis.

"This is different than any place we have ever lived," she said.

"There are values here. You can still borrow a cup of sugar or a cup of coffee from a neighbor. Or if you need a ride to your doctor, they will take you there."

Baird Helgeson covers St. Louis County. He can be reached weekdays at (218) 279-5527 or by e-mail: bhelgeson@duluthnews.com.

for plant

By Lee Bloomquist
News Tribune staff writer

Cleveland-Cliffs Inc. plans over the next four months to look at other uses for LTV Steel Mining Co. as either a direct reduced iron plant or non-ferrous minerals processing facility.

"The company feels it has an important stake in northern Minnesota with Northshore and Hibbing," said Cleveland-Cliffs spokesman Dave Gardner. "We would have felt derelect if we hadn't looked at it. There are a lot of positives there as well as negatives."

John Brinzo, Cleveland-Cliffs Inc. chairman and chief executive officer, said in a news release that Cliffs and LTV have agreed to look at possible uses for the plant. Those uses don't include production of tonite, Brinzo said.

Meanwhile, Sen. Doug Johnson, DFL-Cook, said Iron Range legislators are looking at what can be done to keep the plant operating as an iron ore mine.

LTV projects a July 2001 closing date. That could provide LTV, Cliffs and Iron Range economic development officials with plenty of lead time to search for a possible solution.

For example, Polymet Mining Co. of Golden, Colo., is working to develop a \$550 million precious minerals mine off the Dunka Road near LTV Steel Mining Co. in Hoyt Lakes.

Under a 1993 Minnesota state law authored by Rep. Tom Rukavina, DFL-Vir-

Hoyt Lakes' identity tied to mining and evolved with mine

By Bob Linneman and Kate Bramson
News-Tribune Staff Writers

The city of Hoyt Lakes was built as a model community in the 1920s, a showcase modern company town, according to historic files and documents supplied by Pat Maus of the Northeast Minnesota Historical Center.

Originally platted as Partridge Lakes, the town's residents voted in 1955 to incorporate as a village.

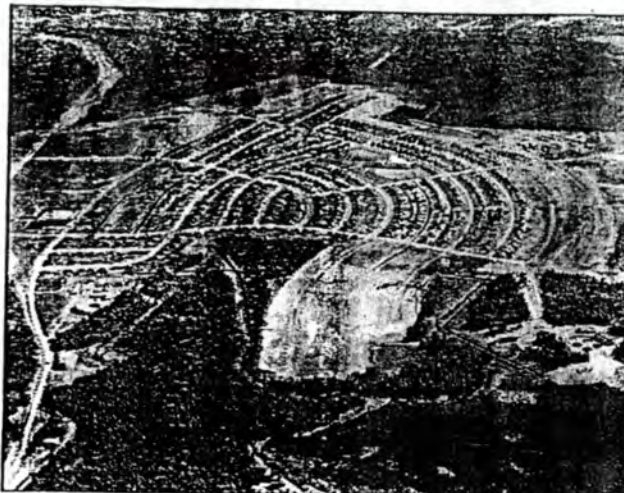
Partridge Lakes soon became Hoyt Lakes, named for Elton Hoyt, whose Picklands Mather Company was instrumental in bringing the Erie Mining Company, later called LTV, to the area.

Erie Mining Company was managed by Picklands Mather and owned by a consortium consisting of Bethlehem Steel, Youngstown Steel, Interlake Iron and the Steel Company of Canada.

The building of Hoyt Lakes was part of a larger construction project — a \$308 million effort that would see the rise of the Erie Mining Company as well as the town.

At the time, it was called the largest iron ore venture in the state's history.

Soon, Erie Mining hired 2,000 workers for its new taconite production facility. Many who helped build the mine and the



FILE 1957 / NEWS TRIBUNE

Hoyt Lakes originally featured 1,200 new homes — 87 percent were built for workers, 13 percent for Erie staff. The homes were built in only two styles — one for the workers, one for staff.

town remained to work and live in the place they created.

The town originally featured 1,200 new homes — 87 percent were built for workers, 13 percent for Erie staff. The homes were built in only two styles — one for the workers, one for staff.

The town first appeared on a map in 1955, when the Hoyt Lakes Post Office opened. The population was 1,030.

In 1957, an Erie Mining publication praised its workers as among the best the mining industry had to offer. And the town was taking shape as taconite production began.

In addition to new homes, the "model" community had a shopping area, a church and the Gertrude Boase Elementary School, which allowed Hoyt Lakes children to stay home for school in-

stead of traveling down the road to Aurora.

A 73-mile railroad track was built to ship the hundreds of thousands of tons of taconite from the Aurora-Hoyt Lakes area to Taconite Harbor on Lake Superior's North Shore, about 25 miles north of Silver Bay. The first shipment of Hoyt Lakes taconite departed Taconite Harbor in 1958.

In 1965, Erie Mining marked the 50-millionth ton of taconite mined from the Hoyt Lakes facility.

Also in '65, the plant underwent a \$50 million expansion that would increase taconite production and create another 1,000 jobs.

The town's prospects, however, all hinged on mining.

Erie Mining in Hoyt Lakes was an early player in the production of taconite pellets, which became the major commodity once red ore veins were mined out.

LTV Steel Mining Co., the oldest continuously operating taconite mining operation on the Iron Range, has produced more than 312 million tons of taconite pellets, according to LTV.

LTV Corp., through its predecessor companies, had partial ownership of LTV Steel before 1986 and acquired full ownership of the facility in May 1986.

Originally intended to produce 7.5 million tons of taconite

pellets per year, the mine increased its capacity to 10.3 million tons in 1967. Production peaked at 11.3 million tons in 1973. The mine produced 7 million tons last year.

The mine hit its employment peak in 1970 with more than 3,000 employees. However, by 1983, production had declined to 2.1 million tons of taconite pellets. Employment at the end of 1983 dropped to 661, about half the number of employees at the mine the year before, according to the St. Louis County Mine Inspector's Office.

In June 1986, a month after LTV Corp. acquired full ownership of LTV Steel, the mine filed for Chapter 11 bankruptcy. The mine emerged from bankruptcy in 1993, said Mark Tomasch, senior director of corporate communications for LTV Corp.

Employment increased each year from 1986 to 1990, when the mine employed 1,721 people, according to the county Mine Inspector's Office. But employment has dropped each year from 1991 to 1998.

Bob Linneman is a community reporter. He can be reached weekdays at (218) 723-5319 or by e-mail at blinneman@duluthnews.com.

Kate Bramson covers education issues. Call her at 723-5321 or (800) 456-8282 or e-mail her at kbramson@duluthnews.com.

State law authored by Rep. Tom Rukavina, DFL-Virginia, and Sen. Jerry Janszich, DFL-Chisholm, LTV Steel Co. Inc., must keep the taconite plant maintained for a year after the closure. The law was put into place to prevent taconite companies from razing closed facilities and to allow time for potential reopening or future development.

Dave Foster, United Steelworkers of America District 11 president, said international Steelworkers officials will ask for a full accounting on the LTV decision.

"The inability of LTV Steel to reinvest in its mining operations in northern Minnesota is directly related to illegally subsidized imports of steel product and slabs," Foster said.

"The company's biggest concern is the morale of the people," said Jerry Fallos, president of United Steelworkers of America 4108 in Aurora.

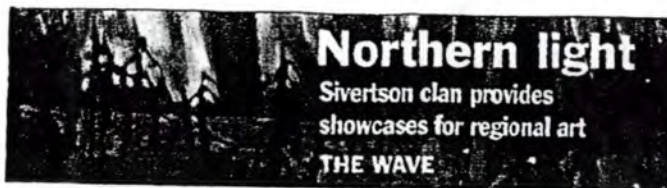
"We're going to work very closely with our people," said Mark Tomasch, an LTV Steel Co. spokesman.

United Steelworkers of America Local 4108 official plan to hold informational meeting with Steelworker on Tuesday.

Rockin' reunion

Virginia High group plays
together again after 30 years

LOCAL NEWS - 1B



Northern light

Sivertson clan provides
showcases for regional art
THE WAVE

Life in fast lane

Duluth native Tommy Archer juggles
auto racing, business and family

SPORTS - 1C

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In today's
Sports
Page 1C

Dukes home
opener **DS**

For the past seven years
it's the same story.
Mex. on the field re-
sults in anarchy around

◆ Schools assess impact. *Page 8A.*

◆ Rukavina: Search for more ore. *Page 8A.*

What happens next?



*Officials look for
ways to offset LTV
job loss; outlook
still seems grim*

By Lee Bloomquist
News Tribune staff writer

It's happened before on the
Iron Range.
Anyone who has lived

town for the Duluth-Superior Dukes. New owner Harry Stavrenis gives his franchise three years to reverse poor performance on the field and apathy at the turnstiles. Failing that, the Dukes may be looking to a more profitable home.

This story and a special expanded Sports section covering the Duke's home opener, including team roster and game information in Sports.

Lawmakers make noise about sled ban in parks

By Tom Webb
Saint Paul Pioneer Press

And the National Park Service thought snowmobiles were loud.

Angry rural lawmakers were in full throttle at a congressional hearing Thursday, giving park officials an earful for banning snowmobiles from most national parks.

"If some of these people are serious ... about pollution and noise," Rep. Collin Peterson, DFL-Detroit Lakes, said with sarcasm, "we ought to be banning motorboats" from all parks. And cars, too, "so these elitists from San Francisco can have these parks the way the rest of 'em."

Barbara Cubin, R-Wy., charged that the park service was bowing to "a



From behind the union hall in Aurora Thursday, Mark Braaten (left) talks about his job hunting efforts. With him are Mike Blaisdell, Craig Finke and Don Tennison.

PHOTOS BY DEREK NEAS / NEWS TRIBUNE

Starting over may be only option

Older miners have done it before while younger workers experience turmoil for the first time

By Baird Holgerson
News Tribune staff writer

AURORA — Mining is all Dave Lislegard has ever known.

The third-generation miner was at the beginning of what he thought would be a lifelong career at LTV Steel Mining Co. when company officials announced Wednesday they will close next summer.

"I've never faced this kind of adversity before," said Lislegard, 27, who is married and has two young girls. "I'm in limbo right now. I don't know what's next, maybe I'll go back to school."

Lislegard is not alone in his uncertainty. Mine officials expect to layoff all 1,400 workers by next year, leaving many with questions, anxiety and anger.

Starting over is not new to Mike Blaisdell, who has worked in several mines over the past 26 years.

Blaisdell bounced around to various cities when the mines he had worked at closed. With the closure of LTV, he likely will have to move again.

"I have a family; there is no choice," the 46-year-old Hoyt

Please see **OPTION**, Page 8A



Workers returned to LTV in Hoyt Lake Thursday afternoon, still stunned by the news and pondering their next moves.

and worked on the Range knows it will someday happen again.

But that doesn't make the closure of LTV Steel Mining Co. and the loss of 1,400 jobs any easier.

Cleveland-based LTV Steel Co. shocked workers and residents of Northeastern Minnesota on Wednesday with the news that it will permanently close its Hoyt Lakes taconite plant in July 2001, although stripping operations will cease this weekend. Since 1987 the plant has produced about 7 million tons of taconite pellets per year.

The move will put 1,400 employees, earning an average of \$65,000 a year including benefits, out of work.

The plant's closing will have far-reaching effects on personal lives and the region's economy.

LTV has been producing taconite since 1957.

If there's an up side to Wednesday's news, it's that Cleveland Cliffs Inc., which manages the Hoyt Lakes operation, is likely to increase taconite pellet production at Hibbing Taconite, which it manages, and Northshore Mining Co., which it owns. Doing so

Please see **NEXT**, Page 8A

Community meetings set

What: Community meetings to discuss LTV Steel Mining Co. closure.

When: today.

Where: 11:30 a.m. at United Steelworkers of America Local 411 office in Aurora. 1 p.m. at Hoyt Lakes Community Building.

Both meetings are open to the public. Sen. Paul Wellstone, Rep. James Oberstar, Iron Range legislators, city officials and St. Louis County commissioners are expected to attend.

Also: At 2:30 p.m., Wellstone and Oberstar plan to go to LTV Steel Mining Co.'s gate as day shift workers leave.

Wyn, chairman of the park service, was howling to "a bevy of radical environmental groups," and she blamed one bureaucrat for making clones. "From his house in Washington."

Sen. Rod Grams, R-Minn., told the House panel that national parks "are not wilderness, nor are they pristine or playgrounds for the elite." Instead, Grams said, national parks are places for recreation, which "absolutely includes snowmobiling."

What spawned the ruckus was the National

Please see **OPTION**, Page 6A



Grams: Oberstar:
Park **We need**
recreation **science not**
includes **hyperbole**
snowmobiles **on issue**

maybe I'll go back to school."

Please see **OPTION**, Page 8A

Mary Fossell, a pharmacist in Hoyt Lakes, and her husband, Vince, are in the process of building a new house in Hoyt Lakes and don't intend to move due to the mine's closure. They just started making their mortgage payments. Mary walks where a deck will be added to the rear of the house.



stunned by the news and pondering their next moves.

ers leave.

Miners or not, 'everyone is affected' by LTV's closure

By **Melanie Evans**
News Tribune staff writer

The two sisters and co-owners of Hoyt Lakes' Mesaba Drug exchanged a knowing glance Thursday when asked how many of their customers work at LTV Steel Mining Co.

"Lots," Nancy Radtke said in a low, soft voice. Mary Fossell quietly echoed her sister. "It's hard," she added.

On Wednesday, Cleveland-based LTV Steel Co. announced it will close its Hoyt Lakes mine and taconite plant within a year, cutting 1,400 jobs that pay an average of \$65,000 a year.

"We don't have anyone in the immediate family who works for LTV," Fossell said.

That doesn't matter.

More than 50 percent of her customers draw a paycheck from

Business-owning sisters expect tough times, plan to stay

the mining industry. Parents of her 5-year-old daughter's classmates — Fossell's peers and friends — work for LTV Steel Mining Co. Her fellow parishioners at Hoyt Lakes' Catholic church relied on steady employment at the taconite plant. Her pharmacy supplied the taconite plant's in-house clinic with drugs.

"We will all be affected because we live here," Fossell said. "Everyone is affected."

In January, Fossell, her husband, Vince, and their two children, Brittany, 5, and Jenna, 1, moved into the Fossell's newly constructed house.

They've paid four months on a 30-year mortgage, she said. "Twenty-nine years and eight months" remain.

Mortgage payments, sobering in any economy, weigh on Fossell even more now that Hoyt Lakes residents will begin "tightening their belts."

Fossell and Radtke expect sales to fall in Mesaba Drug and the adjoining Ben Franklin.

Radtke, who places orders for the Ben Franklin, said she'll keep a close eye on inventory.

Radtke expects to curb orders of all but the essentials, a strategy she usually reserves for the slower winter months, when some Hoyt Lakes' residents leave for warmer climates.

LTV Steel Co.'s announcement scrapped the sisters' plans to buy

Please see **AFFECTED**, Page 8A

>KNIGHT-RIDDER<

INFORMATION FOR LIFE

Range wonders, what happens next?

NEXT Continued from Page 1A

will make up for the tonnage lost at LTV.

Cliffs has a 10-year contract to supply taconite pellets for LTV's blast furnaces from other Cliffs-managed mines in Minnesota.

New jobs

Several hundred new jobs could be added at Northshore Mining Co. under an expansion that may boost the plant production by two million tons annually, said Sen. Doug Johnson, DFL-Tower, who met with John Brinzo, Cliffs' chairman and chief executive officer Thursday in Tower.

"They are looking at some production from Hibbing and even more from Northshore, where they would hire several hundred workers," Johnson said.

Northshore currently has the capacity to produce another two million tons of taconite concentrate.

Dave Gardner, a Cleveland-Cliffs Inc. spokesman, said an ex-

pansion of Northshore could include re-starting furnace No. 5.

"Northshore is a key factor," said Gardner. "That's the area where we need to generate additional tonnage. At the others (Cliffs plants), we will be looking at maximizing efficiencies. We think these plants have the capability of producing more."

The good news is the possibility of more jobs. The bad news is that there aren't likely to be enough mining jobs to go around for displaced LTV workers. And young mining hopefuls, encouraged by a recent effort to prepare them to replace about 3,500 Minnesota taconite workers who are expected to retire within a few years, might be out of luck.

Post-secondary and high schools on the Iron Range, the Iron Mining Association of Minnesota and job training initiatives such as Taconite University have made recent efforts to attract young people to fill mining jobs.

But with LTV employees facing unemployment and a preferential hiring policy instituted for those workers at Cliffs facilities, it's unlikely that young people will be able to fill those new jobs.

Even if roughly 40 percent of LTV's workers are eligible for retirement, that leaves hundreds who will likely compete for those jobs.

Sinking in

Softening the blow will be tough. LTV employees live in virtually every Range community.

Of LTV's 1,400 employees, 262 live in Aurora. Another 212 reside in Hoyt Lakes, 131 in Gilbert, 117 in Eveleth and 117 in Virginia. Other employees come from communities as far as Grand Marais, Superior, Beaver Bay, Silver Bay, Barnum, Baudette and Duluth to work at the taconite plant.

"Some of these people have gone through this two or three times," said Mike Lenich, mayor of Eveleth. "They have lost jobs before, then go here where they think it's going to be their last job. It's like a dream. . . . You go to sleep and when you wake up, you hope it isn't there."

Since their inception in the late 1800s, the communities of Iron Range have depended on the iron ore industry. Though eco-

nomic development, officials have tried to broaden the region's economic base, taconite production, and the good-paying jobs that come with it remain king.

Losing roughly 23 percent of the 6,000 jobs in Minnesota's billion dollar-a-year taconite industry is a big loss — not just for the East Range, but for the entire industry and suppliers.

"The checkbooks close in a hurry," said Frank Ongaro Jr., executive director of the Range Association of Municipalities and Schools in Buhl. "Even when there's labor negotiations people stop buying cars or other big ticket items."

"This reinforces how important our (economic development) efforts are on projects like Minnesota Iron & Steel," Johnson said. "There is not a good long-term future for taconite pellets. It just points out that we need to have products like pig iron, direct reduced iron and steel produced on the Iron Range."

Johnson, whose district includes the Hoyt Lakes mine, said the state has a history of working to reopen closed mines.

Johnson cited closings at Re-

serve Mining and National Taconite in the 1980s, in which state officials helped find new owners and reopened those operations. "They're both thriving," Johnson said.

State help

Johnson recently pushed for — and Gov. Jesse Ventura agreed to — a \$30 million state expenditure to help develop a \$1.2 billion, integrated mine and steel mill planned for Nashwauk. It was included in a tax bill Ventura signed last week.

"It is ironic, but I think observers should be able to see why I and others are pushing so hard for that," Johnson said. "We knew with changes internationally that we have to start producing steel up here for the long haul."

The governor said Thursday that state government will help the displaced workers. "We, the state, will do everything we can to ensure job placement for those workers," Ventura said.

He added that younger workers may have as much as a year to plan for life after the shutdown.

"And the company itself is going to make them the highest priority for relocation," he said. "But what this will require, naturally, is people leaving the town of Hoyt (Lakes) up there and possibly relocating to Ohio or Michigan," where the company has other plants.

"It's a sad situation," he added, "but unfortunately, it's a fact of life in the private-sector economy. Businesses are going to flourish for many, many years, and then times are going to be tough on a particular industry, and this can be the result."

Asked if the state could get involved as an investor to keep the plant open, he said he would not want the state to invest "to keep a sinking ship afloat. I don't think that's necessarily a good idea."

Lee Bloomquist covers the Iron Range and the taconite industry. He can be reached weekdays at (800) 368-2506 or (218) 744-2354 or by e-mail at leebloom@the-bridge.net

St. Paul Pioneer Press staff writer Jim Ragsdale contributed to this report.

Starting over may be only option

OPTION Continued from Page 1A



'Everyone is affected'

AFFECTED Continued from Page 1A

they see in cities, she said.

Her sister agrees. "We're living in paradise," Radtke said. Both women believe

Lakes man said. "My kids had to grow up with this. We've lost everything more than once. That's no way to raise a family."

Don Tennison agrees. He has a 9-year-old son and can't afford to wait and see if the LTV mine is revived. He heard there is work in Michigan.

"Michigan wouldn't be so bad, I guess," said Tennison, who has worked in the mine for 21 years. "I was laid off in 1982 and stuck it out, but I can't stick around this time."

The shock of the sudden announcement still lingers for many miners.

"There's a lot of anxiety, insecurity and a lot of emotion right now," said Barry Trach, a grievance committee member with the United Steelworkers Association Local 4188, which represents LTV workers. "We have to stay focused on helping everybody."

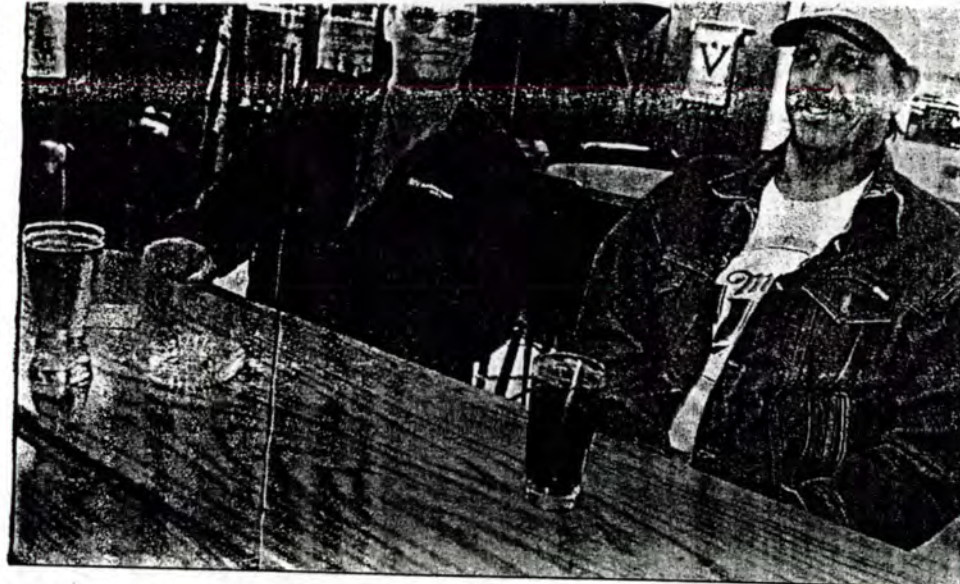
Art Lee, 52, knows about the shock.

He has chased mining jobs all over the globe, including Wyoming and a one-year stint in Antarctica. But things never seem to work out.

"I just wanted to get my last 10 years in," said Lee, who has worked at LTV for about five years. "This starting over is getting old. I've lived in the mines my whole life and will never be able to collect a pension."

LTV has made several major equipment purchases in recent months, making the plant more efficient and a better place to work, several miners said. That made the announcement even more surprising.

"There was just no way of



LTV employees Dave Olson and Kevin Swanson talk about their job situation at the Hoyt Lakes VFW club Thursday afternoon.

DEREK NEAS / NEWS TRIBUNE

knowing," said Blaisdell, who took a safety tour of the mine the day before the announcement. "It was just unbelievable."

The miners said they are committed to staying strong through the next year.

"We're hit, but still afloat," said Mark Braaten, 41. "We're not going to abandon ship."

Braaten said the jobs in the mine are so lucrative that he travels to LTV from Duluth each day.

"These are definitely great jobs," the third-generation miner said. "For young people who want to live up here, this is the best possible job."

The average mining job pays

about \$65,000 a year, including benefits.

The impact of LTV's closure might have been most stressful for Jerry Fallos, who took over as union president three weeks ago.

"People are feeling sorry for us. Sad. Pissed off. All of it," Fallos said. "It's like getting booted out of your home. We're just trying to take it all in and decide what's next."

Friends Dave Olson and Kevin Swanson have decided to wait and see what happens.

"Maybe in the meantime something will change," said Olson, 50, who has worked in the mine 26 years.

Said Swanson: "I was born and raised here and hopefully I can stay and find work."

Despite the grim forecast, there is hope.

Blaisdell and other miners said they have faith that things will work out for the LTV mine.

"We have to keep hoping," he said. "I know it sounds crazy, but we do. We are proud Iron Rangers. We have to keep hoping."

Baird Helgeson covers St. Louis County. He can be reached weekdays at (218) 279-5527 or by e-mail: bhelgeson@duluthnews.com

scanner equipment. Neither wants to take on any debt. "We don't know what a year from now will be like," Radtke said. Investment will be sacrificed to "try to keep what cushion we have to keep afloat."

Likewise, the two women discontinued plans to hire a student for the summer to fill in while Mesaba Drug's nine employees take vacations.

"We'll just pick it up ourselves," Radtke said. Increasingly cost-conscious residents aren't the only reason the two women expect sales to fall.

Families will leave Hoyt Lakes looking for work, Radtke said. She watched it happen during the mining industry layoffs of the 1980s.

The dwindling population can have a draining effect, she added. "There will be people moving for better schools and better opportunities for their children."

Fossell fears if too many people leave, the schools and children's activities may suffer from declining enrollment.

But moving isn't an option for Fossell. She and her husband want to live in Hoyt Lakes. The town borders beautiful campgrounds. Neither like the crime and congestion

and both women believe Hoyt Lakes will survive the current economic troubles.

Fossell believes she and her husband can make ends meet, even in hard times. He owns a truck and works hauling logs and dumping for construction projects.

As a pharmacist, Fossell is certain she could travel to Duluth or Cloquet for work if need be.

And both women, along with their father, James Welch, are optimistic that Hoyt Lakes stands a chance at tapping into other industries.

A low unemployment rate made Hoyt Lakes unattractive for other large companies, Fossell said shrugging. Perhaps now another employer will consider the Iron Range town. Proposed real estate developments could attract more residents. Maybe a grant or loan could renovate the mine, she said.

And tourism. Plans to promote tourism stand to help Hoyt Lakes in the long run, added her father, a retired pharmacist who still helps his daughters in the store he opened 25 years ago. "Tourism will be our savior," He said from behind the counter.

"Eventually."

Rukavina wants DNR to look for better ore

By Lee Bloomquist
News Tribune staff writer

In the wake of Wednesday's announcement that LTV Steel Co. will close its Hoyt Lakes taconite operation, Rep. Tom Rukavina, DFL-Virginia, asked the state Department of Natural Resources Minerals Division Thursday to search for other deposits near LTV

Biwabik. A third is directly beneath the city of Biwabik.

"That one (beneath Biwabik) is pretty low on my list," said Brice.

Rukavina, whose legislative district has lost thousands of mining jobs since the 1980s, said he will pursue any option to keep the taconite plant alive.

School officials prepare for leaner financial times

By Lee Bloomquist and Kate Branson
Star Tribune staff writers

Educators in the Mesabi East School District say it's too soon to know what effect the closure of LTV Steel Mining Co. next year will have on school enrollment, but it's likely the following school year will bring some difficult decisions for the district.

Mesabi East High School Principal Jorma Rakkola echoed his colleagues in saying that businesses, schools and residents throughout the East Range will feel the ripple effect of the closure.

"Hopefully the legislators will kind of look at this to do the best they can to keep people working — obviously, the salary will probably never be the same," Rakkola said. "We're optimistic. We feel we have to be. If we show negative things to the students, obviously that's not going to do them any good."

Mesabi East School District draws students from the cities of Aurora, Biwabik, Hoyt Lakes and surrounding rural areas.

The district already has dealt

with some contentious issues this year.

Teachers and district officials have not yet settled a contract for this school year, and union members voted just last week to give their negotiating team the authority to call a strike. No mediation session is scheduled at this time.

Also this year, the district had discussed whether to close Boase Elementary School in Hoyt Lakes before next school year. But officials decided two weeks ago to keep the school open for another year after the Legislature approved additional state funding for schools.

"That was another thing which was hard on Hoyt Lakes," Boase Principal Walter Hautala said. "They just went through worrying about their school closing, and that was settled, and everybody was breathing a sigh of relief and then this had to happen."

The School Board has approved a long-range plan for the district that includes consolidating Boase, V.L. Reishus Elementary and Mesabi East High into a

new building in Aurora, Board Chairman Dave Thom said.

That long-range plan includes holding a referendum for the district to raise \$30 million by issuing bonds, but the board would still take a separate vote on whether to hold such a referendum, Thom said.

"The board has to revisit its long-range plan," Thom said. "... The problem is: You have to go to the voters, and if they're out of work, they're not going to vote to increase taxes. It's just crazy to ask."

District officials probably won't know until next fall whether the mine's shutdown will impact school enrollment, but principals think it's the following year when they may see the real effects.

"We won't know until the first day of school," said Superintendent Robert Melin. "The enrollment is the big thing. A loss of 30 to 40 students could put the district in the red."

Like many other area districts, student population within the district has for years been dropping.

"In our heyday, we had 3,500 (students)," Melin said. "But it's been on the decline for 20 years. I don't think I could find two years in a row where enrollment went up."

The district's enrollment is currently about 1,230. Melin says 313 of those students come from Hoyt Lakes, where LTV Steel Mining Co. is located.

The district currently faces a projected budget deficit of \$170,000 for the 2000-2001 school year.

In 1986, Butler Taconite near Nashwauk closed.

Nashwauk Mayor Bob Fragnito, who worked at LTV Steel Mining Co. in the mid-1960s, says schools were hit the hardest.

"The city of Nashwauk didn't lose that many jobs because we also had National Steel Pellet Co. and Hibbing Taconite nearby," said Fragnito. "But it devastated the school district. And because of where Hoyt Lakes is, there's not a lot of job options nearby. I think it's just going to be devastating for Aurora and Hoyt Lakes."

Division Thursday to search for other deposits near LTV that can be mined.

"There are ore supplies," said Bill Brice, director of DNR Minerals and Lands. "But whether they will improve the situation or not, I don't know."

LTV officials say they've already examined potential ore reserves. Any available rich reserve is far away from the taconite plant or too deep to mine economically, they say.

Company officials say the plant will close in the summer of 2001 because available iron ore is too low-grade and that LTV would have to invest up to \$700 million to modernize the aging facility.

"Having better ore doesn't address the technology. There's a \$700 million mountain there," said Mark Tomasch, an LTV Steel Co. spokesman said.

Brice said it will take roughly a week for DNR engineers to identify all potential deposits in the area. But he said he does know of several deposits.

One is roughly 100 feet underground on LTV Steel Mining Co. property. A second is at a former Jones & Laughlin deposit between McKinley and

to keep the taconite plant alive.

"I don't want to raise any false hopes," Rukavina said. "But they said Reserve would never open again. There's always a glimmer of hope."

LTV Steel Mining Co. is the oldest continuously producing taconite plant in Northeastern Minnesota. It began producing taconite pellets on a commercial scale in 1957 as Erie Mining Co.

The operation employs 1,400 workers.

Roughly 120 workers who strip the earth from above taconite deposits will be laid off in August. The remaining employees will mine and produce exposed taconite until the plant closes in the summer of 2001.

Under an agreement with the United Steelworkers of America, LTV is required to provide 90 days notice of a plant shutdown, said Tomasch. Wednesday's notice was more than a year ahead of the projected shutdown date.

Lee Bloomquist covers the taconite industry. He can be reached weekdays at (800) 368-2506, (218) 744-2354 or by e-mail at leebloom@the-bridge.net

7-9-00

THE WHITE HOUSE

WASHINGTON

July 6, 2000

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INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Letter from Warren Rudman Concerning Developments
at DOE

Attached at Tab A is a letter to you from Warren Rudman regarding the PFIAB's ongoing efforts to monitor security management at the Department of Energy.

Warren reminds you that the PFIAB's report last year on security and counterintelligence problems at DOE made two essential points. First, a culture of disregard for security at DOE and the national weapons laboratories was a root cause of the lapses that had occurred over time. Secondly, the PFIAB concluded that the only way to ensure the necessary cultural change was to fundamentally reorganize DOE, giving the weapons labs autonomy while providing cleaner lines of authority and accountability between the Secretary and the labs. The PFIAB's report argued that this restructuring would facilitate reform and make it easier for the Secretary to enforce his directives.

The National Nuclear Security Administration Act (NNSA) coincides closely with the PFIAB's recommended solution. For a time, Bill Richardson worried that the NNSA would interfere with his authority as Secretary. His initial decision was to retain his senior counterintelligence and security directors as department-wide officials, reporting directly to him, while also assigning them to the Administrator of the NNSA. Warren was highly critical of this decision, as were several Members of Congress who believed it to be contrary to the spirit of the NNSA. In response, Bill has now agreed to revoke this decision. Warren notes that this is an encouraging development.

cc: Vice President
Chief of Staff

The letter closes by noting that the PFIAB will continue to monitor the progress at DOE and to provide you with the Board's customarily honest assessments.

Attachment

Tab A Letter from Warren Rudman

THE WHITE HOUSE
WASHINGTON

President's
Foreign Intelligence
Advisory Board

June 30, 2000

Dear Mr. President:

In light of recent events concerning the mishandling of nuclear secrets at Los Alamos National Lab, I am writing to you as Chairman of the PFIAB and of the special PFIAB panel that produced our report last year on security and counterintelligence problems at the Department of Energy.

As you will recall, our report made essentially two points. First, we found that, historically, security lapses were caused mostly by a pervasive, persistent culture of disregard for security at DoE Headquarters and at the national weapons labs. Funding levels, program designs and statutory authorities played far less a role in those failures. Thus, it is encouraging that Secretary Richardson has now publicly affirmed his intent to focus on addressing and reforming this serious cultural problem.

Our report also concluded that the only way to ensure real and lasting cultural change was through a fundamental reorganization of DoE, whereby the weapons labs would have meaningful autonomy from DoE-proper. Explicit among our recommendations was the need for far cleaner lines of authority and accountability between the Secretary and the weapons labs, which would make his policies and directives on security easier to apply and enforce. This bureaucratic restructuring and streamlining, our report argued, would enable senior lab officials to focus more closely on immediate security management problems and the longer-term process of cultural transformation.

On the issue of autonomy and the degree to which it is required, Secretary Richardson disagreed with the PFIAB panel and the legislation that followed our report -- the National Nuclear Security Administration (NNSA) Act. Secretary Richardson argued that the PFIAB's solutions would diffuse his authorities. However, the Act, while insulating the weapons labs from rest of the bureaucratic morass at DoE, seems to me to be specific and unequivocal about who is in charge. It stipulates that, "The Secretary shall be responsible for establishing policy" for the NNSA; and that the Administrator, "shall be subject to the authority, direction and control of the Secretary."

Notwithstanding the clarity of the new law, Secretary Richardson apparently felt the need to consolidate more control by DoE Headquarters' staff and managers over the labs by making a number of DoE officials "concurrent" managers of the NNSA. These appointments, in essence, made NNSA officials directly responsible to the Secretary,

rather than to the Administrator. If allowed to continue, this burgeoning "dual-hatting" scheme would only perpetuate the confusing lines of authority over the labs, dilute the power of the NNSA Administrator, and impede, if not defeat, the fundamental intent of the PFIAB panel's recommendations.

General John Gordon has been nominated and finally confirmed as the first Administrator of the NNSA. This was a great, bold step forward. He must be provided every opportunity to succeed in making his semi-autonomous agency extremely effective in stewarding our nation's nuclear arsenals and secrets. Thus, it is encouraging that Secretary Richardson has now publicly affirmed his intent to *revoke all "dual-hatting"* at the NNSA and to allow General Gordon the latitude and autonomy needed to properly oversee the management of the weapons labs -- on behalf of the Secretary. Hopefully, Secretary Richardson will now move expeditiously on his pledge.

The primary and historical role of the PFIAB is to serve as an advisory panel to the President -- nothing more, nothing less. We always have seen as our mission the obligation to provide you with honest, blunt and non-partisan opinions about the national security issues facing the nation. I have written this letter in that spirit. The PFIAB will continue to monitor the progress of the Energy Department in this extremely critical area.

Respectfully,



Warren B. Rudman
Chairman

The President
The White House
Washington, DC 20502



THE SECRETARY OF THE INTERIOR
WASHINGTON

July 7, 2000

Memorandum to the President

Re: Reflections on the Monument Strategy

Since you asked me in a letter on November 10, 1998, to consider places in the west that would be appropriate for national monument designation, I have recommended and you have created eight national monuments. Along with the Forest Service monument at Sequoia and today's designation of Abraham Lincoln's summer retreat, you have set aside more than 3 1/2 million acres of land for future generations. With only six months remaining, we are at an important juncture in this strategy.

The environmental groups and others will argue that after the election you will have a free hand to designate countless new national monuments. I want to caution you about that approach. Over the past year, we have been able to make these designations work and stick because of the advance public support we have cultivated. The danger after the election lies in a public perception that the designations that have not been discussed publicly are arbitrary and without public support. Ultimately, such action could collapse the whole strategy and set Congress up to bring down everything we have accomplished in preserving these important landscapes. I believe the opportunities after the election will be few and should be centered around completing work that has already begun.

Rather than rely on an end-game strategy, I hope we will continue to engage in the local processes and designate fitting landscapes under the Antiquities Act over the next few months as the opportunities arise.

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THE SECRETARY OF THE INTERIOR
WASHINGTON

Opportunities for Late July

- | | |
|--|---------------|
| ☐ Craters of the Moon National Monument Expansion (central Idaho) | 750,000 acres |
| ☐ Paria Plateau (northern Arizona) | 300,000 acres |

Work in Progress on the Hill

- | | |
|---|---------------|
| ☐ Colorado Canyons Nat'l Conservation Area (Grand Junction, CO) | 122,240 acres |
| ☐ Steens Mountain Protection Area (southeastern Oregon) | 490,000 acres |
| ☐ Santa Rosa Mountains National Monument (Palm Springs, CA) | 272,000 acres |
| ☐ Carrizo Plain Nat'l Conservation Area (central valley of California) | 250,000 acres |
| ☐ Las Cienegas Nat'l Conservation Area (Tucson, AZ) | 170,000 acres |
| ☐ Upper Missouri River Breaks (Fort Benton, MT) | 225,000 acres |
| ☐ Pompey's Pillar, Lewis & Clark Site (Billings, MT) | 640 acres |
| ☐ San Rafael Swell Nat'l Conservation Area (Utah) | 960,000 acres |

	Total Designations	Total Acres
Teddy Roosevelt	17	1,528,818
Calvin Coolidge	15	2,634,227
Herbert Hoover	17	2,125,720
F.D. Roosevelt	26	2,760,190
Bill Clinton	10	3,668 900

Michael O'Hanlon

Engagement Is Not Appeasement

In his recent op-ed article ["Evil Without End?"], Fred C. Ikle provides just the latest example of a line of criticism directed at the Clinton administration's policies toward Stalinist North Korea in recent years. The charge, in essence, is that these policies amount to appeasement.

The critics are wrong. It is now clear that a carrot-and-stick policy toward North Korea has been the right approach, and has produced a significant foreign policy success for the Clinton administration.

Consider how bad the situation in Korea was only a short time ago. During much of the 1990s, the U.S. intelligence community considered the Korean peninsula the world's number one flash point, constantly perched on the brink of a vicious war that would immediately involve the 37,000 American troops stationed there—as well as the hundreds of thousands of U.S. reinforcements sure to follow.

Until 1994, North Korea was probably on its way to developing a nuclear arsenal. As late as 1998, it launched a three-stage rocket over Japan, raising the fear that not only could it strike that country but that it also might develop an intercontinental missile capable of delivering a nuclear warhead against the United States.

Many Republicans and some hawkish Democrats would have taken a counterproductive approach to this crisis situation. For example, the Bush administration's national security adviser,

Brent Scowcroft, and former undersecretary of state Arnold Kanter publicly advocated prompt strikes against North Korean nuclear facilities in 1994 unless Pyongyang immediately and unconditionally accepted "continuous, unfettered" monitoring.

The critics did not relent even after the Clinton administration worked out a deal for monitoring—and in fact shutting down—those facilities in 1994. Known as the Agreed Framework, it was not, as Scowcroft and Kanter had demanded, unconditional. But it was smart just the same. It called for South Korea, Japan and the United States to provide North Korea with heavy fuel oil to replace the energy that the nuclear reactors would have produced, and eventually to build North Korea new nuclear reactors with less capability for contributing to a nuclear weapons program. Yet Republicans in Congress have constantly resisted providing the heavy fuel oil—even though the likely alternative was to see North Korea resume its nuclear program.

Belying the charge of appeasement, the administration never ruled out stern measures toward North Korea. In 1994, Defense Secretary William Perry stated that the United States would not allow North Korea to develop a nuclear arsenal—implicitly threatening strikes against its reactor complex if a negotiated settlement could not be found. There was no talk of reducing U.S. troops in Korea; American weaponry on the peninsula was increased and upgraded; and Tokyo and Washington

fashioned an accord to make U.S. bases in Japan more dependable in a Korean crisis.

But while strengthening its deterrent, the administration also held out an olive branch to the inscrutable North Korean regime. In addition to developing the Agreed Framework in conjunction with Seoul and Tokyo, Washington maintained discreet diplomatic contacts with Pyongyang. It teamed with other aid donors to alleviate famine in the North. And it held out the promise of lifting trade sanctions if North Korea would agree to a moratorium on its long-range missile testing.

This balanced approach has clearly worked. Today North Korea's nuclear program remains frozen. The country that assassinated part of the South Korean cabinet and engaged in other barbaric activities in the 1980s continues to refrain from new acts of terrorism, according to U.S. intelligence.

Pyongyang has indeed imposed a moratorium on its long-range missile flight testing. And a highly promising, if still nascent, process of detente is underway between the peninsula's leaders, Kim Dae Jung of South Korea and Kim Jong Il of North Korea.

To be sure, some Republicans have played a constructive role in the U.S.-Korea policy process. And the Clinton administration does not deserve complete credit. Although it ultimately produced an effective Korea policy, it did so in a tentative manner at first.

But the larger message, leaving aside the partisan issues, is that engagement with North Korea has been working. Contrary to Ikle's suggestion, it should clearly be continued. Assuming that visits between divided Korean families on opposite sides of the Demilitarized Zone occur soon, we should then move to an expanded engagement policy. Seoul, Tokyo and Washington should offer North Korea targeted economic aid if Pyongyang agrees to a conventional arms control treaty that might slash weaponry on the peninsula by 50 percent or more.

Unfortunately, such proposals could be stymied by U.S. domestic politics, if those who wrongly charge the Clinton administration with appeasement are allowed to carry the day.

The writer is a senior fellow at the Brookings Institution.

7-10-00

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Congressional Report Says Corruption Is Stifling Bosnia

By CHRISTOPHER MARQUIS
with CARLOTTA GALL

WASHINGTON, July 6 — Pervasive crime and corruption are blocking the success of the Dayton peace accord in Bosnia, and the Clinton administration should consider suspending its extensive aid until local authorities show a determination to fight such abuses, a General Accounting Office report concludes.

The report by the investigative arm of Congress found that the failure of local authorities to curb graft, organized crime and other abuses could interfere with the eventual withdrawal of American and other NATO troops.

According to a draft copy of the report obtained by The New York Times, top American and international officials asserted that "there has been no measurable progress in reducing crime and corruption in the four years since the end of the war." The final report is to be released to lawmakers on Friday.

Authorities in Bosnia, the report said, "have not demonstrated a desire to eliminate corruption and develop a society based on the rule of law." Despite international efforts to establish a functioning legal system, "the Bosnians have chosen not to cooperate," opting instead to create ineffective committees, the report said.

The G.A.O. said it would recommend that Secretary of State Madeleine K. Albright consider suspending additional monetary assistance until local governments demonstrate the willingness and ability to crack down.

The report's findings come while there is wide skepticism in Congress

about the progress of the international effort to rebuild a self-sustaining, multiethnic Bosnia based on the Dayton Peace Agreement, which was signed by Croatia, Yugoslavia and Bosnia's three major ethnic groups in December 1995. The report may also be seen as having implications for United States involvement in Kosovo.

The report states that Congress may wish to condition future Ameri-

**American assistance
is seen as leverage to
force a crackdown
on crime.**

can assistance on State Department certification that the Bosnian government has taken measurable steps to fight corruption, control smuggling and reduce tax evasion.

"This G.A.O. report on Bosnia reveals that crime and corruption are so endemic at all levels of the Bosnian society that our goals — and those of the entire international community — in Bosnia cannot be achieved until we confront this problem head on," said Representative Benjamin A. Gilman, Republican of New York, who is chairman of the House International Relations Committee.

By last December, the United States, the European Union and other donors had committed more than \$4 billion to help reconstruct Bosnia after a war that killed more than

250,000 people and forced 2.3 million from their homes, according to international estimates. President Clinton has requested over \$100 million for assistance to Bosnia in 2001.

The report said that the United States has not recovered nearly \$900,000 in operating funds for the American Embassy and loan payments it had deposited in a Bosnian bank, BH Banka, which was involved in illegal activity.

And the World Bank lost \$500,000 in 1997 in a sophisticated fraud scheme involving false government procurement documents, the report said. Three years later, no arrests have been made, the report added.

Bosnia's presidency rotates among its three prominent ethnic groups — Muslim, Croat and Serb. Two members of the presidency are elected from the Muslim-Croat Federation and one from Republika Srpska, the two entities of today's Bosnia-Herzegovina.

The G.A.O. found no evidence that American or other international aid is "being lost to large-scale fraud or corruption." But it asserted that Bosnian authorities may be using the foreign donations to make up for income the government has lost to crime.

Bosnian officials have failed to collect "hundreds of millions of dollars" in income tax, the report said.

Sounding a less dire note, foreign diplomats and aid officials in Bosnia asserted that economic and judicial reforms take time. While they note that they are powerless to crack down on abuses themselves, they insist that there are stringent safeguards to protect foreign aid and that additional financing is contingent on performance.

"We are all being extremely careful now," said Wilhelm Schmid, the Swiss ambassador to Bosnia, whose nation has tightened its controls on budgetary support. "It would be unfortunate to stop help for the needy because of the criminal activities of a few."

Administration officials said today that they have not seen a final version of the report. But a White House spokesman said the American investment, including the open-ended deployment of about 4,300 troops, is helping Bosnia to "rise above these problems."

"Our presence in Bosnia helps build a stronger civil society, including respect for the rule of law and greater transparency in government," said the spokesman, P. J. Crowley. "Where we have seen evidence of corruption, we have worked with the international community to take appropriate action."

Mr. Crowley said the administration would decide whether to maintain troops in Bosnia "based on what needs to be done, as opposed to an arbitrary pullout date."

Under the Dayton agreement, NATO forces are to be withdrawn only after progress in reducing corruption and organized crime, including the elimination of illegal institutions, the creation of a democratic law enforcement system and judicial reform.

The G.A.O. cited shortcomings in each of those areas, denouncing bribe-taking local bosses of political parties, police officers in the service of business interests who intimidate citizens or return refugees, and an underground economy that accounts for about half of Bosnia's entire economic output.

7-10-00

Sandy
What time can
we do about this?
BC

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THE WHITE HOUSE
WASHINGTON

July 10, 2000

MR. PRESIDENT:

For the August 9th Medal of Freedom ceremony, you have indicated you would like to award the Medal to 17 people from the list you received (copy attached). From that list, John recommends that you consider Cox, Motley and Greenberg for the Citizens Medal instead; if you approve, that would leave the following 14 recipients: Taylor, Edelman, Clark, Burke, Higgins, Jackson, Krim, Galbraith, Wiesenthal, Crowe, McGovern, Chafee, Moynihan, and Jeffrey. Maria is working to identify 1-2 Hispanic candidates to add to the list.

For the major international human rights candidates (Mandela, Suu Kyi and Tutu), John and Melanne recommend you postpone your decision until after the August ceremony and consider making one or more of those awards separately, perhaps as part of a major human rights event with the First Lady in the fall.

We recommend moving the remaining names from the original list to the Citizens Medal list we're preparing for your review.

If you approve, we would like to notify the core group of 14 of your decision and the upcoming ceremony and begin preparing their medals and citations.

Approve ☒

Disapprove ☐

Discuss ☐

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THE WHITE HOUSE

7-10-00

THE WHITE HOUSE
WASHINGTON

July 3, 2000

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MEMORANDUM FOR THE PRESIDENT

FROM: LISEL LOY *LL*
MELANNE VERVEER
DAN BURKHARDT

SUBJECT: 2000 AWARD OF THE PRESIDENTIAL MEDAL OF FREEDOM

You have expressed interest in awarding the Medal of Freedom to five recipients in the upcoming August 9 East Room ceremony: The Reverend Gardner C. Taylor, Marian Wright Edelman, General Wesley Clark, USA, Archibald Cox, and James Edward Burke.

You also have indicated that you might like to give the Medal to Elinor Guggenheimer and David Hamburg. You awarded the Medal of Freedom to Hamburg in 1996; you gave the Citizens Medal to Guggenheimer in 1997.

We have set forth below a list of additional nominees for this year's award. In keeping with the theme of your past selections, this year's nominees embody service to others.

The group of 23 nominees is based upon extensive consultations with, among others, your senior advisers. We recommend that you select approximately five, but no more than seven, additional recipients. For Medal of Freedom ceremonies in 1993-97, you selected 10, 9, 12, 10, and 15, respectively. In 1998, you did not award any medals in a large ceremony; in 1999, you selected 10 recipients. We have attempted to group the nominees according to similarities in their achievements to help you balance and organize your selections. For ease of reference and tabulation, we have also attached a chart to help summarize your selections.

We are also in the process of preparing a list of candidates for the Citizens Medal.

Civil Rights

We have identified a number of strong candidates in the civil rights category. Melanne suggests that you may want to consider holding a separate civil rights Medal of Freedom ceremony, or you may wish to select several from this category to include in the August event.

Monsignor George G. Higgins, 84.

Once described by Lane Kirkland as "the labor movement's parish priest," Higgins has devoted himself for more than 50 years to ensuring worker justice, and he has been honored several times

by major labor groups. He has also shaped papal encyclicals to emphasize economic justice. He currently serves as an adjunct lecturer at Catholic University. Melanne and Karen Tramontano support his nomination.

Approve ☒

Disapprove ☐

Discuss ☐

The Reverend Jesse Jackson, 58.

Reverend Jackson has long been a representative for the underrepresented. As field representative for the Council on Racial Equality, founder of Operation PUSH, PUSH-Excel, PUSH for Economic Justice, the National Rainbow Coalition, and The Wall Street Project, he has worked to expand opportunities for minorities while encouraging youth to act responsibly. He was a Democratic Presidential candidate in 1984 and 1988. He has negotiated several hostage releases, most recently that of the three U.S. POWs held in the former Yugoslavia. You have indicated that you might want to make this award in a later ceremony.

Approve ☒

Disapprove ☐

Discuss ☐

Constance Baker Motley, 78.

A key participant in virtually every important case brought to enforce *Brown v. Board of Education*, Motley began her career as an attorney with the National Association for the Advancement of Colored People and won nine out of ten civil rights cases she argued before the United States Supreme Court. One of her most renowned victories was on behalf of James Meredith, making it possible for him to enroll in the University of Mississippi. Motley left the NAACP in 1964 and was elected New York State's first black woman senator. In 1966, President Johnson appointed her U.S. District Court Judge for the Southern District of New York, making Motley the first African American female federal judge. She became Chief Judge of the Southern District in 1982 and assumed senior status in 1986.

Approve ☒

Disapprove ☐

Discuss ☐

Jack Greenberg, 75.

Greenberg's accomplishments are legendary. He served as Director-Counsel of the NAACP Legal Defense and Education Fund from 1961 to 1984 and was an assistant counsel for the group from 1949 to 1961. He argued 40 cases before the United States Supreme Court, including *Brown v. Board of Education*. He is a founding member of the Mexican American Legal Defense and Education Fund and is a member of the executive committee of Human Rights Watch. Greenberg served as dean of Columbia College from 1989 to 1993 and currently is a professor at Columbia Law School.

Approve ☒

Disapprove ☐

Discuss ☐

Daisy Bates (posthumous; died in November 1999).

Best known for her role as a mentor to the Little Rock Nine, Daisy Bates spent much of her life working to ensure civil rights for African Americans and improved living conditions for the disadvantaged. In 1941, with her husband L.C. Bates, she began the weekly newspaper the

Arkansas *State Press*, which for 18 years highlighted police brutality and legal and political inequities affecting blacks in the state. In 1952, she was elected president of the Arkansas state conference of NAACP branches; it was in this capacity that she began taking African American children to be enrolled in all-white schools. After repeated attempts, she and the students chosen to integrate Little Rock Central High School entered that school in 1957, escorted by paratroopers. Later that year, she was arrested and convicted for failing to provide NAACP membership information to Little Rock officials; the United States Supreme Court overturned her conviction in 1960. During the 1960's, Mrs. Bates worked on anti-poverty programs as a member of the Johnson administration. In 1968, she returned to Arkansas and, as a community activist with the Mitchellville Office of Economic Opportunity Self-Help Project, helped to bring a new water system, a sewer system, and paved streets to that community.

Approve___ Disapprove___ Discuss___

John Sengstacke (posthumous; died in 1997).

As publisher and editor of the *Chicago Defender* -- a newspaper his uncle founded in 1905 -- Sengstacke provided an important outlet for the African American voice for 57 years. W.E.B. DuBois and Langston Hughes were among those whose work appeared in Sengstacke's paper. Sengstacke was also instrumental in the integration of the U.S. Armed Forces -- as a member of the Fahey Commission (one of 10 Presidential appointments he received) and through his newspaper, he argued that President Truman should integrate U.S. troops. Sengstacke also persuaded President Franklin Roosevelt to include the first black reporter in a White House news conference, and he organized the meeting with Branch Rickey that led to Jackie Robinson joining major league baseball. Under his leadership, the National Newspaper Publishers Association, an organization of African American newspaper publishers, was formed in 1940. Among Sengstacke's other publications were the *Michigan Chronicle* in Detroit, the *Pittsburgh Courier*, and the *Tri-State Defender* in Memphis.

Approve___ Disapprove___ Discuss___

Health

Dr. Mathilde Krim, 73.

Founder of the AIDS Medical Foundation in 1983, Dr. Krim was one of the earliest leaders in the effort to find a cure for HIV/AIDS. She has had a distinguished medical career, working on topics ranging from cancer research to human genetics, and her foundation, which joined with the American Foundation for AIDS Research in 1985, has poured millions of dollars into HIV/AIDS research efforts.

Approve___ Disapprove___ Discuss___

Sports**Hank Aaron, 66.**

Aaron began his amazing career on the baseball field as a minor league player on a segregated team in the South, where he suffered the humiliation of eating and living separate from his teammates. He is best known for breaking Babe Ruth's home run record – ultimately hitting 755 home runs over the course of his career and reaching this awesome milestone in the face of death threats against himself and his family. After he retired from play, he joined the front office of the Atlanta Braves, a position from which he called for more African Americans in baseball management and decried racist comments by baseball club owners. Aaron has also been active in Big Brothers/Big Sisters and the Boy Scouts of America. In 1995, he established the Chasing the Dream Foundation, a fund to help underprivileged children in Atlanta pursue advanced study in music, art, writing, dance, and sports. There is some precedent for awarding the Medal to sports figures: Jesse Owens and Joe DiMaggio received the Medal from President Ford; Jackie Robinson received it from President Reagan; Ted Williams received it from President Bush; and you awarded the Medal to Arthur Ashe.

Approve ____

Disapprove ____

Discuss ____ **Muhammad Ali, 58.**

Regarded by many to be the greatest boxer of all time, Ali won the world heavyweight title for the first time in 1964. In 1967, he refused induction into the U.S. Army, was found guilty of draft evasion, and was stripped of his title. In 1971, the U.S. Supreme Court overturned his conviction, and in 1974 Ali regained the world championship. He later lost the title and regained it for a record third time in 1978. In 1980, he retired from boxing. Now suffering from the advanced stages of Parkinson's disease, he serves as the spokesperson for the National Parkinson's Foundation and performs charity work for UNICEF and Best Buddies.

Approve ____

Disapprove ____

Discuss ____ Scholars**John Kenneth Galbraith, 91.**

One of the leading economists of the 20th century and the author of more than 30 books, including three novels and his memoirs, Galbraith has made dense economic concepts understandable to the average reader. He also held numerous positions during a distinguished government career. During World War II, he served in the Office of Price Administration during the early years of U.S. involvement in World War II and was greatly responsible for OPA's impressive record in controlling inflation. An advisor to Presidents Kennedy and Johnson, Galbraith also served as U.S. Ambassador to India during the Kennedy Administration, helping

to redefine relations between Washington and New Delhi. He also was chairman of Americans for Democratic Action from 1967-69 and taught economics at Harvard College for nearly 30 years.

Approve ☒

Disapprove ☐

Discuss ☐

International Human Rights

Given the high profile and important contributions of Mandela, Suu Kyi, and Tutu, you may wish to hold a separate ceremony if you choose one or more of these first 3 international candidates. For your information, from the total list of 5 candidates in this category, Dr. Pizar is the only U.S. citizen.

Nelson Mandela, 81.

Freed after serving 27 years of a life sentence imposed for sabotage and treason, Mandela became South Africa's first democratically elected president and held the position from 1994 to 1999. In 1993, he shared the Nobel Peace Prize with F. W. de Klerk, his Vice President, for their efforts to end apartheid.

Approve ☐

Disapprove ☐

Discuss ☐

Aung San Suu Kyi, 54.

Co-founder of the National League for Democracy, Suu Kyi is the leader of Burma's opposition force and pro-democracy movement. In 1989, she was placed under house arrest for violating a government ban on political activity, and she was awarded the Nobel Peace Prize in 1991 for her efforts to bring democracy and human rights to Burma through peaceful means. In 1995, the junta finally released her from confinement. She refuses to travel outside Burma for fear that if she leaves, the junta will not let her back into the country. NSC recommends that Secretary Albright receive the Medal on Suu Kyi's behalf should you choose to make the award.

Approve ☐

Disapprove ☐

Discuss ☐

Archbishop Desmond Tutu, 68.

The first black Anglican bishop of Johannesburg and archbishop of Cape Town, Tutu has devoted his career to the pursuit of human rights. He is the former Secretary-General of the South African Council of Churches, and he chaired South Africa's Truth & Reconciliation Commission after the election of the African National Congress in 1994. Tutu has worked extensively to ease racial tensions in South Africa, emphasizing nonviolent means of protest and encouraging economic pressure by countries dealing with South Africa, and his efforts in combating apartheid earned him the 1984 Nobel Peace Prize.

Approve ☐

Disapprove ☐

Discuss ☐

Simon Wiesenthal, 91.

A concentration camp survivor, Wiesenthal has devoted his life to developing evidence that can be used to prosecute Nazi war criminals. After World War II, he gathered proof of Nazi atrocities for the War Crimes Section of the United States Army. In 1947, he opened the Jewish Historical Documentation Center in Austria to assemble documentation for future trials. His most famous discovery was the material that led to the capture, trial, and execution of Adolf Eichmann. A special branch of his office documents the activities of right-wing groups, neo-Nazis, and similar organizations. In 1977, he founded the Simon Wiesenthal Center, which works to fight bigotry and anti-Semitism. President Carter presented the U.S. Congressional Gold Medal to Wiesenthal in 1980, and Wiesenthal received the French Legion of Honor in 1986.

Approve____ Disapprove____ Discuss____

Dr. Samuel Pizar, 71.

Scholar, international lawyer, public servant, and author, Pizar was rescued at age ten from a Nazi death camp. In the early 1960's, he was a member of President Kennedy's task force on foreign economic policy and an advisor to the State Department and several Senate committees. During the mid-60's, he practiced international law, and he headed an ad hoc committee of U.S. leaders to monitor ethnic and political repression in the Soviet Union and was instrumental in freeing many refuseniks and dissidents. In the 1980's, Pizar, with Steve Jobs and others, helped conceive the "computer in every classroom" proposal, and he argued during this time that national wealth lies in human intellectual potential – not only the traditional economic measures of land, capital, and labor. He stressed that there should be a universal human right to education and knowledge. From the mid-90's, he has focused on the genocides, ethnic cleansings, and crimes against humanity in Central Africa, the Balkans, and the Caucasus, and he founded and has been chairman of a committee that has located and honored approximately 1,800 non-Jews who risked their lives to save Jews during World War II.

Approve____ Disapprove____ Discuss____

Military**Admiral William Crowe, 75.**

Four times the recipient of the Defense Distinguished Service Medal, Admiral Crowe has more than fifty distinguished years of government service. A gifted military leader, he served as commander of the Middle East Force in the Persian Gulf, head of Navy Plans and Policy, Commander in Chief of the United States Pacific Command, and Chairman of the Joint Chiefs of Staff. He served this Administration as Chairman of the Foreign Intelligence Advisory Board (1993-94) and as Ambassador to the Court of St. James. In 1998, Crowe was sworn in as Chairman of two Accountability Review Boards charged with investigating the bombings of the embassies in Nairobi and Dar es Salaam. Those panels concluded that close to 90 percent of U.S. embassies worldwide need renovation or rebuilding to withstand the threat of truck bombs.

Approve____ Disapprove____ Discuss____

Environment**Former Representative John F. Seiberling (D-OH), 81.**

Seiberling's record of accomplishment on environmental issues is astonishing. A Member of Congress from 1970-1987, he authored legislation that established the 30,000 acre Cuyahoga Valley National Recreation Area, tripled the size of the Land and Water Conservation Fund, and prohibited mining in public parks. He also co-authored key amendments to the Surface Mining Control and Reclamation Act of 1977 and helped manage passage of the Alaska National Interest Lands Conservation Act, which preserved more than 100 million acres in Alaska. He is credited with saving more than 69 million acres of wilderness in 27 states and authored amendments to the Nuclear Waste Policy Act of 1982. George Frampton supports this nomination. *John recommends you consider Seiberling for the Citizens Medal instead.*

Approve___ Disapprove___ Discuss ☒

Government Service**George McGovern, 77.**

A war hero in World War II, McGovern was elected to the House of Representatives in 1956. In the Senate, he chaired the Select Committee on Nutrition and Human Needs, where he led the expansion of the Food Stamp Program, the Summer Food Service Program, and WIC. He was the 1972 Democratic nominee for President and currently is the U.S. Representative to the UN Food and Agricultural Organization, where he is developing a plan to address the food needs of 500 million people -- half the world's underfed -- by 2015.

Approve ☒ Disapprove___ Discuss___

Senator John Chafee, (R-RI) (posthumous; died in 1999).

At the age of 19, Chafee served at Guadalcanal as a Marine lieutenant and went on to fight in the Korean War. He later served in the Rhode Island House of Representatives, as Governor of Rhode Island, as Secretary of the Navy, and as a United States Senator for 23 years. He embodied bipartisanship in the Senate and played a pivotal role in the passage of all the major environmental legislation of the past 20 years. He was one of the architects of the 1980 Superfund program to clean up hazardous waste sites and authored the Coastal Barrier Resources Act to protect pristine and fragile coastal barriers from development. Among the other bills he promoted were the Clean Water Act of 1986, the 1990 amendments to the Clean Air Act, and the Oil Pollution Act of 1990. Senator Chafee was also a champion of expanding health care for women, children, people with disabilities, and people with mental illness and a strong advocate for children in our nation's foster care system.

Approve ☒ Disapprove___ Discuss___

Shirley Chisholm, 75.

The first African American female member of Congress and the first female or African American candidate from a major political party to run for the Presidency, in 1964, Chisholm ran for and won a New York State Assembly seat, and for four years she was the only woman and only one of eight African Americans in that assembly. In 1984, she co-founded the National Political Congress of Black Women. You asked her to serve as Ambassador to Jamaica in 1993, but she declined the invitation, reportedly due to health reasons.

Approve ☐Disapprove ☐Discuss ☒**Senator Daniel Patrick Moynihan, 73.**

Senator Moynihan has served New York in the United States Senate since 1977, establishing himself as a strong supporter of Social Security and distinguishing himself through his service on the Finance Committee. He is the only person to serve in the Cabinet or sub-Cabinet (including two ambassadorial appointments) of four successive presidential administrations (Kennedy-Ford). He will retire at the end of this Congressional session.

Approve ☒Disapprove ☐Discuss ☐Labor**Mildred "Millie" Jeffrey, 88.**

A leading women's labor and Democratic party activist, Jeffrey was the first female to direct a department of the United Auto Workers. She worked for the UAW from 1945-1976, heading four departments and serving as a special assistant to president Walter Reuther. Presidents Kennedy and Carter appointed her to commissions, and in 1984, she was part of a small women's activist group that helped secure Geraldine Ferraro's vice presidential nomination. Karen Trantano strongly supports this nomination.

Approve ☒Disapprove ☐Discuss ☐**The Reverend Addie Wyatt, 76.**

Wyatt was a major labor movement leader who pushed for equality for African Americans and women. She was the first African American woman to sit on the board of an international union, and she has held leadership roles in several labor unions and organizations at the local and national levels. She retired in 1984 and entered the ministry. Wyatt also served as an at-large member of the Democratic National Committee in 1976.

Approve ☐Disapprove ☐Discuss ☐

2000 Medal of Freedom

7-5-00

Nominee	Approve	Disapprove	Discuss
Monsignor George G. Higgins	✓		
The Reverend Jesse Jackson	✓		
Constance Baker Motley	✓		
Jack Greenberg			✓
Daisy Bates			✓
John Sengstacke			✓
Dr. Mathilde Krim	✓		
Hank Aaron			✓
Muhammad Ali			✓
John Kenneth Galbraith	✓		
Nelson Mandela			✓
Aung San Suu Kyi	✓		✓
Archbishop Desmond Tutu			✓
Simon Wiesenthal	✓		
Dr. Samuel Pizar			✓
Admiral William Crowe	✓		
John F. Seiberling	✓		✓
George McGovern	✓		
John Chafee	✓		
Shirley Chisholm			✓
Senator Daniel Patrick Moynihan	✓		
Mildred "Millie" Jeffrey	✓		✓
The Reverend Addie Wyatt			✓



Charlene Drew Jarvis, Ph.D.
President

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*Geo. Frampton
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7-10-00

Mr. President,

Please help to designate a
GSA-owned parcel for the
Nat'l Health Museum. I
talked to Jack Lew on 7/6/00.
Chick Koop is chair. I'm a Board
member.

Copied
Frampton
Podesta