8-8-00

THE WHITE HOUSE

WASHINGTON

'00 AUG 7 PM 4:

August 7, 2000

to Podesta

Mr. President,

Laurie Garrett, the Pulitzer Prize winning Newsday reporter, who wrote "The Coming Plague," has sent me galleys of her new book to be published at the end of this month. The book, "Betrayal of Trust: The Collapse of Global Public Health," reports the breakdown of health care infrastructure in developing countries and Russia and relates that process to the spread of infectious diseases. Laurie (who is the sister of an old college friend) has sent me a copy of the book, inscribed for you, and a letter that serves as a memo on the subject, a summary.

The issue of global infectious diseases is more real to people than many other national security threats. Incredibly, the Republican platform actually condemns dealing with the problem. The line in the platform reads: "Reacting belatedly to inevitable crises, the administration constantly enlarges the reach of its rhetoric--most recently in Vice President Gore's "new security agenda" that adds disease, climate, and all the world's ethnic and religious conflicts to an undiminished set of existing American responsibilities." In the meantime, the Republican Congress has yet to act on the Administration's proposal for $1 billion of additional funding for future vaccine purchases.

The issue of infectious diseases and health care is a major challenge of the future that the Republicans have officially as a party declared they will oppose dealing with. If one thinks about the results of what being indifferent to the AIDS crisis wrought, the potential consequences of ignoring this crisis are frightening to most people. It hardly sounds compassionate.

Sid

8-8-00
After you have seen,
we will send to Burkhardt
for reply -

8-8-00

WEEKLY REPORTS

FOR THE WEEK ENDING

AUGUST 4, 2000

Tab A -	Bailey/Podesta
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Tab M -	Cutler/Podesta/Echaveste

8-8-00

THE WHITE HOUSE

WASHINGTON

August 5, 2000

MR. PRESIDENT:

Attached are the following weekly reports:

(A) Weekly Economic Briefing

(B) Update on Global Markets/Interest Rates and Stock Prices

(C) NEC

(D) DPC

(E) CEQ

(F) Office of Environmental Initiatives

(G) OSTP

(H) Intergovernmental

(I) Cabinet Affairs

(J) Communications

(K) Public Liaison

(L) Race Initiative

(M) Indian Affairs

(N) Political Affairs

Adam Rosman AR

8-8-00

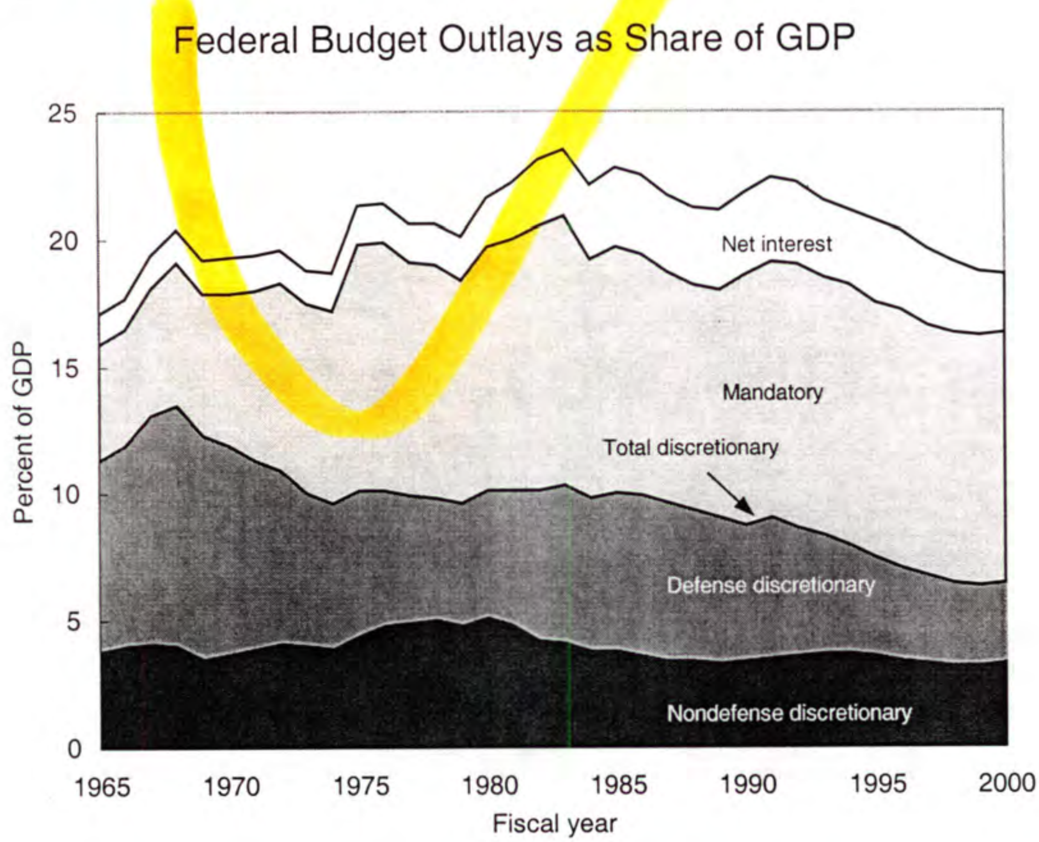
WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

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

August 4, 2000

Copied
Baily
Podesta

CHART OF THE WEEK



All budget enforcement act categories of Federal outlays fell as a share of GDP between 1992 and 2000, led by a drop of 1.9 percentage points in discretionary spending for national defense. Net interest fell 0.9 percentage points; mandatory spending fell 0.5 percentage points; and nondefense discretionary spending fell 0.3 percentage points. The total decline in Federal outlays as a share of GDP was 3.5 percentage points (reflecting rounding).

8 8 · 00

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DEPARTMENTS

"This is where things started getting really weird."

• •

8 · 8 · 00

CURRENT DEVELOPMENT

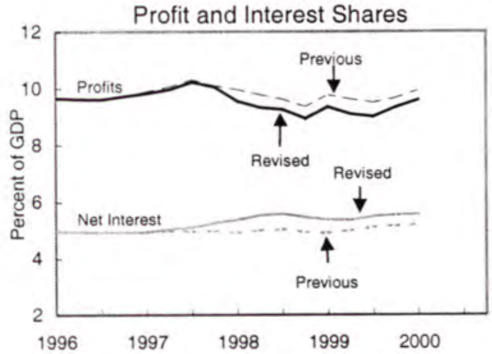
GDP Revisions Raise Output, Implying More Productivity

Last week the Commerce Department issued revised national income accounts for 1997 and beyond which showed slightly stronger growth in GDP. Official measures of productivity growth are likely to be revised upward as a result.

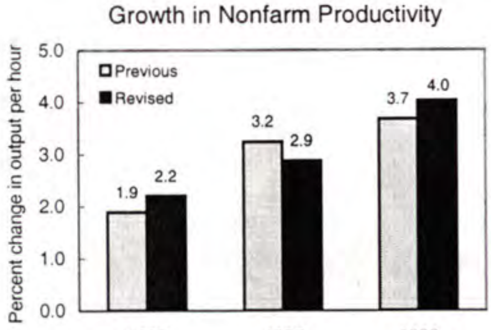
Growth in GDP. Revisions to real GDP growth for 1997 and 1998 were small and partially offsetting (see upper chart). But the 0.4 percentage point upward revision in 1999 (due to upward revisions to software investment and farm inventories) was substantial. Over the 1997-2000 period of the revisions, the average annual growth rate of GDP was revised up a little over 0.1 percentage point.

Growth in Real GDP

Profit and Interest Shares



Growth in Nonfarm Productivity



Income. Because real GDP measured on the income side of the accounts (gross domestic income) was not revised much, the increase in GDP reduced but did not eliminate the statistical discrepancy. Labor's share of income was reduced slightly reflecting a downward revision to employers' contributions to pensions and health insurance. The capital share was revised up slightly reflecting more depreciation. Estimates of capital income were reallocated as new IRS tabulations resulted in an upward revision to interest payments and an offsetting downward revision to profits (see middle chart). The profit share of GDP peaked in mid-1997.

Productivity. This upward revision to real GDP growth in 1999, together with changes in hours, is likely to result in a 0.3 percent upward revision to 1999 productivity growth (see lower chart).

8-8-00

SPECIAL ANALYSIS

Coastal Erosion and National Flood Insurance

A significant and expanding number of Americans live in coastal areas at risk from both storm-related flooding and coastal erosion. The National Flood Insurance program (NFIP) was not designed to address coastal erosion, yet *de facto* it covers many kinds of erosion damage without incorporating erosion risk into its premium structure. As a result, it provides incentives to build or buy in areas subject to such erosion.

Down at the shore. Coastal areas are inherently dynamic and unstable, and most U.S. coastlines have historically contracted landward as a result of storms, currents, and geological processes. About 338,000 structures are located within 500 feet of an ocean or Great Lakes shoreline. An estimated 87,000 of these are located in areas that will be damaged by erosion in the next 60 years if current erosion rates continue. Estimated annual property losses from coastal erosion are about $500 million per year.

Risk and insurance. The National Flood Insurance Program administered by the Federal Emergency Management Agency (FEMA) was instituted in 1968 as a policy response to flood risk throughout the United States. While NFIP premiums are based on flood risk and do not take into account the risk of loss from erosion, a recent evaluation found that claims for erosion losses were almost always paid. As a result, the insurance premium tends to be too low for houses at high erosion risk—and therefore cross-subsidized by houses with lower erosion risk. Because individuals do not bear the full risk of building in erosion hazard areas, more building takes place and more houses are lost to erosion. A recent study found that development density in high-risk areas rose to a level closer to that in low-risk areas after the enactment of the NFIP. This suggests that the program has indeed increased the incentives to develop in risky areas.

Why does it matter? The current system effectively subsidizes a group of coastal property owners who build in risky areas. In addition, greater development in erosion hazard areas increases the pressure on all levels of government to provide protection through costly public works projects that attempt to prevent erosion. These include the construction and maintenance of shoreline engineering (seawalls, groins, and jetties) and the execution of beach nourishment projects (pumping or trucking sand onto the beach from other locations). Shoreline engineering detracts from the recreational and aesthetic experiences of visitors and can negatively affect coastal ecosystems; nourishment projects can increase erosion or siltation in areas used as the source of sand.

Policy challenges. Changes in the structure of NFIP premiums could provide better incentives for efficient coastal development. FEMA has the ability to develop and disseminate maps displaying the best available information on erosion risk by specific location at a cost of about $44 million over 10 years.

These maps can provide information to make NFIP premiums better reflect the risks they insure. This information can also help individuals to make more informed decisions about building or buying in erosion hazard areas. But these changes could make some homeowners worse off.

Impact on property owners. Recent research indicates that flood insurance rates in designated high-hazard coastal areas would have to roughly double to fully cover erosion risks, rising by about $0.90 per $100 of coverage. A survey of homeowners in erosion zones indicates that roughly half would voluntarily buy insurance against erosion losses at a cost of $1-2 per $100. This suggests that the necessary rate increase, while unlikely to be popular, would be tolerated. In addition to any impact on insurance premiums, developing better information could affect coastal property values. The market value of existing homes found to be at high erosion risk may decrease, while homes near the coast found to be at relatively low risk could see their value increase.

Implications. The interests of property owners in the coastal zone do not always coincide with the interests of the wider group of Americans who value beaches as recreational and environmental assets. Government policies that affect the density of coastal development and the direct management of coastal resources need to balance carefully the sometimes-competing needs of both groups. Providing accurate information on erosion hazards and using this information to set NFIP premiums to reflect both erosion and flood risks can help establish this balance.

8 - 8 - 00

ARTICLE

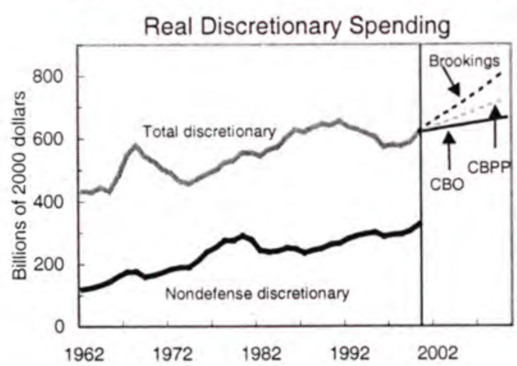
Carving up the Pie: How Big Is the Available Surplus?

CBO's latest estimate of cumulative non-Social Security baseline budget surpluses is $2.2 trillion over the next 10 years. Two recent studies from the Brookings Institution and the Center on Budget and Policy Priorities (CBPP) suggest, however, that only a fraction of these surpluses are realistically available for new initiatives, such as tax cuts or new spending programs. In part, these analyses make alternative assumptions about how policies should be measured in the baseline, but they also make judgments about policy priorities.

Assumptions about current policy. Both studies start with the CBO's $2.2 trillion baseline and then adjust it for certain spending and tax changes that they believe are already "built in" to the policy process.

- Discretionary spending. CBO's "inflated baseline" projection assumes that total discretionary spending increases with inflation but not with population growth. According to CBPP, the 10-year surplus would fall by about $350 billion if real per capita spending were maintained. The Brookings analysis observes that the cumulative surplus would be over $850 billion smaller if discretionary spending were kept constant as a share of GDP.

  How the Congress and the President will treat discretionary spending in the future is, of course, unknown. Discretionary spending has reached an historically low level as a share of GDP recently, due largely to a falling share for defense (see the Chart of the Week). However, its real level has grown at a 3.8 percent annual rate in the 1998-2000 period, compared with about 1 percent per year over the 1962-2000 period (see chart). This has led some to question whether CBO's baseline assumption of low real spending growth over the next 10 years is realistic.



- Expiring provisions. The official budget projections assume certain farm and tax provisions will decline or expire as scheduled. But farmers have received substantial emergency payments in recent years, and expiring tax credits have been regularly extended. Both studies use CBO's estimate that continuing tax provisions which would otherwise expire would cost more than $50 billion over the next 10 years. The CBPP study also adds $60 billion for farm aid.

- Alternative minimum tax. Under current law, more and more households, including middle-class families, will become subject to the alternative minimum tax (AMT), due to the effects of inflation. The CBPP and

Brookings studies argue that policymakers will not allow that to happen. Likely changes to the AMT would cost about $80-90 billion over 10 years.

In sum, these two forecasts of how current policy is likely to evolve would reduce the available non-Social Security budget surplus by about $600 billion in the CBPP analysis and by over $1 trillion in the Brookings analysis (these figures include increases in interest on the debt).

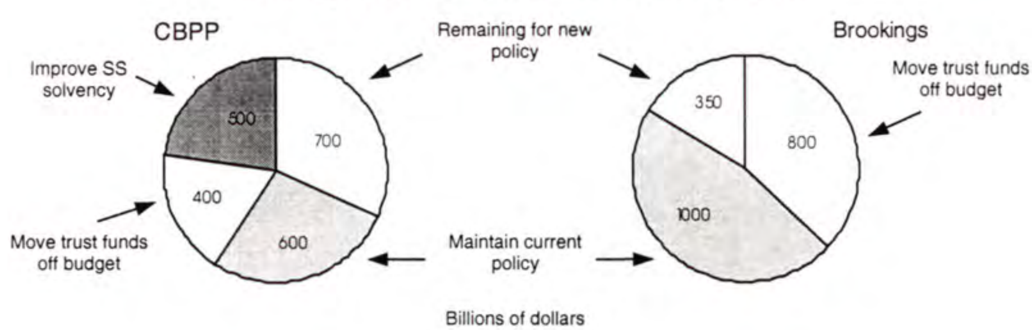
Accounting for longer-term policy needs. Echoing the Mid-Session Review, both studies also urge policy changes to help save Social Security and Medicare.

- Setting aside the trust funds. The CBO surplus projections account for Social Security's off-budget status but do not subtract the surpluses of other trust funds that remain on budget. The CBPP study estimates that excluding projected Medicare HI trust fund surpluses in line with the Administration's proposal would reduce the available surplus by about $400 billion over 10 years. Brookings additionally puts aside government military and civilian employee pension funds, reducing the surplus by another $400 billion.

- Strengthening Social Security and Medicare. The studies stress the importance of saving some general revenues now to prepare for future rainy days. Both observe that achieving longer-term Social Security and Medicare solvency will require substantial tax increases or general fund transfers. CBPP reduces the 10-year surplus by another $500 billion in recognition of this claim.

The bottom line. The CBPP analysis concludes that only $700 billion of CBO's 10-year, $2.2 trillion non-Social Security surplus is really available to fund changes in tax and program policies. The Brookings analysis concludes that even before addressing the long-term solvency problem, the 10-year surplus is reduced to $350 billion (see chart). These studies support the Administration's view that the latest surplus projections do not support large tax cuts. The argument is even stronger using OMB projections that the cumulative 10-year surpluses are a smaller $1.9 trillion.

Dividing Up CBO's 10-Year $2.2 Trillion Surplus



BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Individual Investors Who Trade More Earn Less. Individual investors who trade shares of stocks more often than the average investor earn similar gross returns, but they pay more each year in transaction costs, according to a new study based on 1991-96 data from a large discount brokerage house. The fifth of investors who traded most often (with an average monthly portfolio turnover of 21.5 percent) earned net annual returns in the stock market of 11.4 percent, after subtracting transaction costs. In contrast, the fifth of investors who traded least often (with an average monthly turnover of 0.2 percent) earned net annual returns of 18.5 percent per year. The average household buying and selling stocks through this discount broker earned a gross annual return of 18.7 percent and a net return of 16.4 percent, after paying transaction fees. Over this same period, the S&P 500 rose by about 17.9 percent annually. Related research found that men traded 45 percent more frequently than women, with the result that transactions costs subtracted 0.6 percentage point more from men's annual returns than from women's. These differences by sex were even larger among single people.

Tobacco Settlement Provides Health Benefits. The tobacco settlement between the states and the tobacco companies requires payments of about $87 billion (in present value) through 2025 to compensate for Medicaid spending arising from smoking-related illness. Most of these payments will be financed by higher cigarette prices. A recent study estimates that these higher prices will reduce smoking, benefiting society in two ways. First, Medicaid payments for smoking-related illnesses will be reduced. Second, and quantitatively far more important, reduced smoking will allow people to live longer and healthier lives. The study argues that smokers significantly undervalue the health risks of their actions, and thus benefit when higher cigarette prices discourage them from smoking (though continuing smokers bear the cost of higher prices). The study estimates that for each dollar of payments transferred from tobacco companies to the states there are $6 of benefits, mainly due to the longer and healthier lives enjoyed by those who are discouraged from smoking.

Are CEOs Rewarded for Luck? Economics suggests that the way to encourage CEOs to act in the shareholders' best interest is to tie CEO compensation to changes in the value of the firm that seem to have arisen from the CEO's actions. In this view, good firm performance that can be attributed to events outside the CEO's control (luck) should not affect pay. A recent study found, however, that among the 51 largest U.S. oil firms, CEO pay increased 0.8 percent for every 1 percent increase in general firm performance between 1977 and 1994, while it increased 2 percent for every 1 percent increase in performance attributable to worldwide oil prices (luck, presumably). The study also found that CEO pay in a broader set of industries responded more to good luck than to bad. Structuring CEO pay to provide the right incentives is difficult, but the study did find that firms with more effective and independent monitoring by shareholders rewarded CEOs less for firm performance that was attributable to luck than did other firms.

8-8-00

INTERNATIONAL ROUNDUP

Agreement May Lead to Higher Drug Prices in Developing World. The WTO agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) provides valuable incentives ~~to innovate and protection for inventors. However~~, it could cause a price increase of 200-300 percent in patented medicines for developing countries, according to a recent analysis. Such an increase could have a drastic impact on nations where up to 66 percent of total health spending is on medicine and 50-90 percent of expenditures are out-of-pocket. Before TRIPS, many countries did not allow patents for medication; now most are members of the WTO, where TRIPS requires a patent term of 20 years. While the agreement only affects applications for new medicines made from 1995 onwards, drugs for diseases like AIDS fall within the jurisdiction of TRIPS. Developing countries have several options to reverse a price increase, including compulsory licenses, in which the patent holder licenses the invention to a third party in return for "adequate remuneration;" price controls; and generic drug approvals.

If You Think U.S. Stock Prices Are High... Broad indexes of U.S. stocks continue to trade near historically high price-to-earnings (P/E) ratios, and the P/Es of technology stock indexes are substantially higher than those of the broader indexes. But U.S. markets are not unique: major European stock markets are trading at P/Es similar to those in the United States, and European technology markets are experiencing substantially higher P/Es than those of comparable U.S. markets. For example, the Bloomberg European 500 Index, an index of the 500 most highly capitalized European companies, is trading at 27 times earnings, which is roughly comparable to the P/E of 29 for the S&P 500 and the P/E of 32 for the Wilshire 5000, one of the broadest indices of U.S. stocks. By contrast, the New Market, a pan-European grouping of regulated markets dedicated to high-growth stocks, is trading at 1,630 times earnings, substantially higher than the P/E of 126 for the NASDAQ Composite Index. Substantial national variation exists within the New Market however. While the Netherlands New Market is trading at 64 times earnings, the German is at 604, and the French has negative aggregate earnings. The EASDAQ, a unified European market dedicated mainly to technology companies and designed to be a European NASDAQ, also has negative aggregate earnings.

RELEASES THIS WEEK

Employment and Unemployment
****Embargoed until 8:30 a.m., Friday, August 4, 2000****

In July, the unemployment rate was unchanged from June at 4.0 percent. Nonfarm payroll employment decreased by 108,000.

Leading Indicators

The composite index of leading indicators was unchanged in June.

NAPM Report on Business

The Purchasing Managers' Index was unchanged in July at 51.8 percent. (A reading above 50 percent indicates that the manufacturing economy is generally expanding.)

MAJOR RELEASES NEXT WEEK

Productivity (Tuesday)
Retail Sales (Friday)
Producer Prices (Friday)

U.S. ECONOMIC STATISTICS

	1970-1993	1999	1999:4	2000:1	2000:2
Percent growth (annual rate)					
Real GDP (chain-type)	2.9	5.0	8.3	4.8	5.2
GDP chain-type price index	5.2	1.6	1.6	3.3	2.5
Nonfarm business (NFB) sector:					
Productivity (chain-type)	1.7	3.7	6.9	2.4	N.A.
Real compensation per hour:					
Using CPI	1.0	1.7	0.9	0.2	N.A.
Using NFB deflator	1.5	2.9	1.8	1.8	N.A.
Shares of Nominal GDP (percent)					
Business fixed investment	11.4	12.9	13.0	13.4	13.8
Residential investment	4.5	4.3	4.3	4.3	4.3
Exports	8.2	10.6	10.8	10.8	10.8
Imports	9.2	13.4	13.9	14.2	14.5
Personal saving	6.6	1.6	1.1	0.1	0.2
Federal surplus	-2.8	1.3	1.5	2.4	N.A.

	1970-1993	1999	May 2000	June 2000	July 2000
Unemployment Rate (percent)	6.7**	4.2**	4.1	4.0	**4.0**
Payroll employment (thousands)					
increase per month			**171**	**30**	**-108**
increase since Jan. 1993					**22010**
Inflation (percent per period)					
CPI	5.8	2.7	0.1	0.6	N.A.
PPI-Finished goods	5.0	2.9	0.0	0.6	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, August 4, 2000**.

FINANCIAL STATISTICS

	1998	1999	June 2000	July 2000	Aug. 3, 2000
Dow-Jones Industrial Average	8626	10465	10583	10663	10707
Interest Rates (percent per annum)					
3-month T-bill	4.78	4.64	5.69	5.96	6.05
10-year T-bond	5.26	5.65	6.10	6.05	5.95
Mortgage rate, 30-year fixed	6.94	7.43	8.29	8.15	8.12
Prime rate	8.35	8.00	9.50	9.50	9.50

INTERNATIONAL STATISTICS

Exchange Rates	**Current level August 3, 2000**	**Percent Change from Week ago**	**Percent Change from Year ago**
Euro (in U.S. dollars)	0.904	-3.1	-15.3
Yen (per U.S. dollar)	108.4	-0.7	-5.9
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. $)	99.22	1.3	5.1

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	6.0 (Q2)	**4.0** (Jul)	3.7 (Jun)
Canada	4.9 (Q1)	6.6 (May)	2.9 (Jun)
Japan	0.7 (Q1)	4.6 (May) [2]	-0.7 (Jun)
France	3.4 (Q1)	9.8 (May) [2]	1.7 (Jun)
Germany	2.3 (Q1)	8.3 (May)	1.9 (Jun)
Italy	3.0 (Q1)	10.8 (Apr)	2.7 (Jun)
United Kingdom	3.0 (Q1)	5.7 (Mar)	3.3 (Jun)

U.S. unemployment data **embargoed until 8:30 a.m., Friday, August 4, 2000.**

1/ For unemployment data, rates approximating U.S. concepts as calculated by the U.S. Department of Labor, Bureau of Labor Statistics, except as noted in footnote 2.

2/ Data from OECD standardized unemployment rates.

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THE WHITE HOUSE

WASHINGTON

August 4, 2000

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Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORT

Oil Prices: Oil for September delivery closed at $ 29.96 per barrel, down $1.78 from last Friday's close of $28.18. Prices rose towards the middle of the week base on reports that crude oil inventories declined more than expected during the past week.

Gasoline Prices: In its weekly survey of gasoline prices, DOE reported last Monday that during the previous week, the price for gasoline fell in every region of the country for the third week in a row. The price of self-service regular gasoline fell 4.9 cents nationwide from $1.520 to $1.471 and fell 3.1 cents in California from $1.712 to $1.681. The nationwide average price of diesel fell 1.6 cents to $1.408. Like last week, the sharpest decline was in the Midwest, which once again has the lowest prices in the nation. Last week prices fell 3.5 cents in the East to $1.514, fell 8.3 cents in the Midwest to $1.362 (clean burning RFG prices in the Midwest fell 8.4 cents to $1.346), fell 3.0 cents in the South to $1.462, fell 1.5 cents in the Mountains States to $1.575, and fell 2.0 cents in the West to $1.653. Over the past six weeks, the nationwide average price has fallen 21.0 cents, from $1.681 to $1.471, and the average price in the Midwest has fallen 51.2 cents from $1.874 to $1.362.

Electricity in California: Each afternoon during between Monday and Wednesday, there was a severe power shortage in California, which nearly required the operator of the electrical grid to order rolling blackouts throughout most of the state. There is little Federal role in the short term, as the generation, transmission, and distribution, of electricity is primarily the responsibility of privately- and publicly-owned utilities. In order to demonstrate leadership and ensure that the Federal government was doing what it could, on Thursday, you issued a directive that Federal agencies should take all possible steps to reduce demand for electricity at Federal facilities during power shortage emergencies, and that Federal generators and distributors of electricity (Army Corps of Engineers, Bureau of Reclamation, and the Federal Power Administration) take steps to maximize power generation and delivery to California during power shortage emergencies in order to reduce the risk and severity of blackouts. It also directed Federal agencies to work with the State of California to develop procedures governing the use of backup generators during power shortage emergencies. By using back generators, large consumers can reduce the demand for electricity from the utilities thereby reducing the risk of a blackout. There are no power shortages expected over the weekend

8-8-00

Discounts on Direct Student Loans: We have been working with the Department of Education to lower interest rates on direct student loans, with an announcement possible as soon as next week. Federal law allows reduced interest rates to encourage on-time loan repayment. First, we will provide an up-front interest rebate equal to 1.5 percent of the loan principal, saving the average borrower about $150. (In effect, this will reduce origination fees from 3 percent to 1.5 percent; they were as high as 8 percent before the Student Loan Reform Act of 1993.) Second, we will cut interest rates by 0.8 percentage points on direct consolidation loans in FY 2001, saving the average borrower who refinances with the direct loan program about $600. In both cases, students must make their first 12 payments on time to keep the benefit.

This initiative could save the average student $750 and will encourage students to meet their responsibilities. The consolidation discount is particularly elegant because -- by encouraging students with guaranteed loans to refinance with direct lending and thereby reducing lender subsidies -- it saves enough money to pay for both discounts. These discounts will likely be unpopular with private financial institutions making guaranteed student loans and their Congressional friends. These lenders are making a push to convert direct loan schools, often with discounts; the new direct loan discounts will provide more equal terms for students across programs.

Tort Reform/Class Actions: It is possible that we will see one more effort in September to push tort reform legislation in the Senate, although there is little chance that a bill will make it to your desk. On June 30, the Senate Judiciary Committee reported S. 353 on a 11-7 largely party-line vote. Bill sponsor Senator Kohl was the only Democrat voting for the measure. The bill would move most class action lawsuits to federal court where they would be subject to Federal certification standards. The Committee rejected amendments to exclude tobacco, gun, state consumer protection, and environmental actions from coverage -- amendments offered by Democrats to give the Republicans a flavor of the debate they would face on the Senate floor. A similar measure passed the full House on September 23, 1999, by a 222-207 margin, largely on party lines. The Administration has expressed strong opposition to the House and Senate bills, indicating that your senior advisors would recommend a veto. Senators Leahy and Biden have threatened to filibuster the bill because it favors the interests of businesses over injured consumers.

Majority Leader Lott has told industry that he will schedule a vote, if they can marshal the votes to cut off a filibuster. While we expect they will fall short of that mark, Lott may raise the issue briefly nonetheless to fulfill a commitment to the business community to bring up at least one tort reform measure and in an effort to portray the Administration and Democrats as beholden to the trial lawyers. If so, Democrats would use such a debate to highlight the Senate's inaction on pending judicial nominations, as the bill would substantially increase the workload of the federal judiciary. Senator Grams might also try to amend the bill to limit attorneys fees and require new attorneys fees disclosures. Others might offer as amendments piecemeal tort reform bills that have passed the House (by slim margins) in the last year, but that have seen no Senate action (such as a statute of repose bill and a bill capping punitive damages for "small" businesses). Given the short time remaining, we expect at most a brief flourish, with final action unlikely.

8-8-00

Computer export controls: The Administration received positive press coverage of your decision to update the controls on exports on high-performance computers. Industry was very supportive of the decision, although they noted that further changes might be necessary later in the year because of the rapid pace of technological change. Unlike in previous years, there seems to be little Congressional opposition to this change. Congress is close to passing legislation which would reduce the waiting period from 180 days to 60 days.

Jordan Free Trade Agreement: A US negotiating team, led by Ambassador Barshefsky, was in Jordan this week discussing the US-Jordan free trade agreement. As you know, this agreement has the potential to include binding environmental and labor provisions for which the AFL-CIO has been pushing hard. While we have made good progress with Jordan on these issues, no specific language has been tabled. Jordan's main concern at this point seems to be on the precise application of the dispute resolution mechanism, e.g., the actions that would that would actually trigger dispute resolution. Domestically, both the textile and footwear manufacturers have raised concerns about the agreement's potential effects on domestic industry, but have stopped short of opposing the deal. The pharmaceutical industry has criticized Jordan for not fully protecting pharmaceutical patents and said the deal should be contingent on fulfillment of current WTO obligations, not new promises to fulfill these pledges. Discussions on the free trade agreement have not been completed; rather, Barshefsky hopes to be in a position to revisit the issues and possibly finalize an agreement in the fall -- in time to be approved by Congress before it adjourns for the year.

Japanese Whaling: This week the Japanese whaling fleet proceeded toward harvesting North Pacific whales, including species listed as endangered, under the guide of a scientific whaling program. We have strongly argued to the Japanese to suspend this program. While Japan might reduce the size of the taking of whales, there will likely be enough taken to incite calls for sanctions in the US, especially by Congress upon return in September. The Japanese appear resigned to the likelihood of such US responses. NGO and media outcry is mounting already. Friday, an interagency process got underway to consider how to respond to Japanese whaling activities, including possible Pelly Sanctions directed at violators of international conservation agreements.

8-8-00

THE WHITE HOUSE

WASHINGTON

August 4, 2000

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Reed
Chow
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MEMORANDUM TO THE PRESIDENT

FROM: Bruce Reed
Barbara Chow

SUBJECT: DPC Weekly Report

1. Health Care - - HHS Prescription Drug Pricing Conference: Next Tuesday and Wednesday, HHS is hosting a major conference focusing on current prescription drug pricing practices in the marketplace. It will focus on four broad areas: (1) cost pressures; (2) pricing trends; (3) utilization trends; and (4) controlling costs. Participants will include representatives of Medicare beneficiaries, patient groups, pharmacists, private sector pharmacy purchasing groups, insurers, pharmaceutical manufacturers, and researchers. The conference is likely to validate that a Medicare drug benefit structured along the lines of your proposal would achieve discounts far more significant than predicted by the Congressional Budget Office. Because of the relatively academic nature of this meeting, we are advising against White House participation, but we can highlight any key findings produced by the meeting.

2. Health Care - - Medicaid Upper Payment Limit Update: Within the next week, the HHS Inspector General is likely to release a report on its investigation into state financing abuses utilizing the so-called upper payment limit loophole. Although we have yet to see the report, we believe it will find that a number of states are using this financing mechanism to receive 100 percent Federal dollars to underwrite state budget priorities, many of which have little or nothing to do with health care. This finding will validate the concerns that HHS and OMB have highlighted and provide justification for the regulation on they plan to release sometime this month. The New York Times is likely to write an editorial criticizing states' misuse of these dollars and concluding that continued reliance on this financing mechanism could lead to another debate on block-granting the Medicaid program. We also are working with HHS to design its notice of proposed rulemaking to be as sensitive as possible to the impact on health care providers relying on this funding tool. Our overriding goal will be to stop abusive state financing practices while protecting the legitimate interests of health care providers.

Can we allow $ to be spent on Health?

3. Health Care - - Greenstein Report on Parental Health Care Coverage: Later this month, the Center for Budget and Policy Priorities is expected to release a new report demonstrating that the few states that have independently expanded coverage to parents have noted a significant concurrent increase in enrollment of eligible but previously uninsured children. In fact, there was a 16 percent increase in Medicaid coverage of children in these states. This finding helps validate the importance of the Clinton-Gore parental coverage policy and we are considering

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using it as a tool to re-energize Congressional interest in this policy. It will also help distinguish the health care policy differences between the Gore and Bush camps. The release of this report follows a surprisingly strong Senate floor vote (51 to 47) for your parents policy in which Senators Collins, Chafee, Snowe, Jeffords, DeWine, and Specter voted for this measure.

to Gore! [illegible]

4. Crime -- Gun Shows: This week, SAFE Colorado filed nearly double the number of signatures required (110,000) to place their state ballot initiative to close the gun show loophole on the November ballot. If passed, the initiative would create a new state law requiring background checks on all firearms sales at gun shows. As a follow up to your April visit to Denver to kickoff of SAFE Colorado's volunteer drive for the initiative, you issued a statement commending them for their efforts. This was a major victory for gun safety groups because the gun lobby made several attempts to stall signature collection so that SAFE Colorado would not collect the minimum 62,000 signatures required to place the initiative on the ballot. Three recent statewide polls indicating that 80 percent of Colorado residents support the initiative.

5. Tobacco - - World Heath Organization Conference on Tobacco: Next week in Chicago, the American Cancer Society, American Medical Association, Robert Wood Johnson Foundation, and the World Health Organization (WHO) will be hosting the 11th World Conference on Tobacco OR Health. Secretary Shalala will address the conference, and we are working with HHS to ensure she highlights your tobacco-related budget proposals. Conference attendees will receive a presidential message congratulating them on their commitment to tobacco control and highlighting the Administration's accomplishments and FY 2001 initiatives. We are also preparing for a meeting of the WHO in Geneva this October, where negotiations will begin on the framework convention on tobacco control, the first international health treaty sought by the WHO. The Administration is committed to securing a strong, effective, ratifiable agreement that helps national governments take coordinated steps to reduce the harmful effects of tobacco use.

6. Education - - Kansas State School Board Elections: In a Republican primary on Tuesday, voters in Kansas ousted three of four conservative members seeking re-election to the state school board, all of whom had supported the decision to remove human evolution from the state science standards a year ago. Three moderates who pledged to return evolution to the standards won the primary, and will be running in November against Democrats who hold similar positions on this issue. While last year's 6-4 state school board vote did not prohibit the teaching of evolution, it removed evolution and the Big Bang theory from state assessments, and was seen as a major victory for advocates of creationism.

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

August 4, 2000

MEMORANDUM FOR THE PRESIDENT

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Podesta

CC: JOHN PODESTA

FROM: GEORGE T. FRAMPTON, JR. DSS for

SUBJECT: CEQ WEEKLY REPORT

RESOURCE STEWARDSHIP

Beach Closures

The Natural Resources Defense Council released a comprehensive report yesterday documenting a 50% increase in pollution-related beach closings and advisories in the United States between 1997 and 1999. About 70% of the closings and advisories last year were caused by bacteria associated with sewage or other pollution runoff, and California beaches accounted for more than half of the incidences. EPA recently released its own beach survey, making information on beach closings or swimming advisories for almost 2,000 beaches available via the Internet as part of the Administration's Clean Water Action Plan. EPA is also working on a regulatory proposal to further control sewer overflows and EPA's TMDL rule will help address the issue.

Great Lakes Water Quality

This week, EPA approved six Great Lakes states' programs specifically tailored to clean up the Lakes, finding two states programs, those of Minnesota and Pennsylvania, fully consistent with federal Clean Water Act standards and the 1995 Great Lakes Guidance. Four states' programs, those of Illinois, Indiana, Michigan and Ohio, also were approved this week with minor exceptions in each state. To cover the four states' gaps in their programs, EPA is implementing federal Clean Water Act standards in those cases. EPA will publish its decision concerning New York's and Wisconsin's programs this fall.

PROTECTING COMMUNITIES FROM TOXICS

Community Right-to-Know

This week, EPA and the U.S. Department of Justice issued regulations governing public access to and distribution of information about potential chemical accidents from industrial facilities. This information is required to be collected from industries under the Clean Air Act amendments passed by Congress in 1990. This week's final rule allows the public to receive information from 50 or more reading rooms around the country, state and local emergency planning organizations, and some information will be available on the Internet. No specific information on chemical locations, however, will be posted on the Internet so as to ensure no increased risk from terrorist or criminal activity.

INTERNATIONAL LEADERSHIP

Japan Whaling

Last Saturday, Japan launched its whaling fleet with the stated intention of expanding its "scientific research" whaling program beyond minke whales to sperm and Bryde's whales, both of which are protected by U.S. law. The international trade of these whales is also banned under the CITES treaty. Japan's action goes against the strong warnings that you, Prime Minister Blair and other leaders have given Japan, and against a resolution passed by the International Whaling Commission. Both Secretaries Albright and Mineta have issued strong warnings to Japan this week. CEQ and NSC – in conjunction with NEC, USTR, Commerce and State – are developing response options that will likely include restrictions on certain forms of bilateral cooperation and consideration of economic sanctions under the Pelly Amendment.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

WASHINGTON, D.C. 20502

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August 4, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE Neal Lane

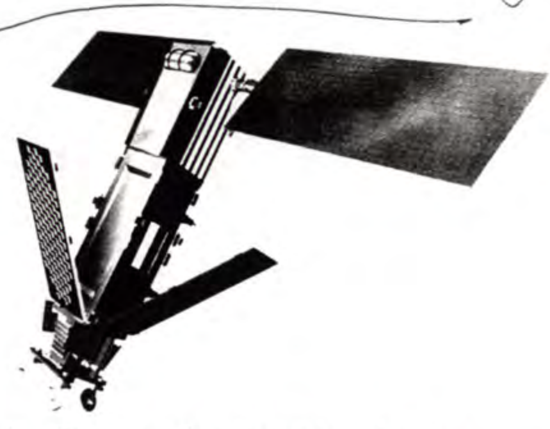
CC: JOHN PODESTA

SUBJECT: OSTP WEEKLY REPORT

The Evolution of Democracy

Republicans and Democrats joined forces in Kansas this week and rejected three conservative school board members. The voters reacted against the adoption of highly controversial standards that removed the biological concept of evolution from the state's science curriculum. Several Kansas newspapers commented that the issue of evolution has now become even more of a litmus test than abortion in the state. Many observers believe the more moderate school board members will restore the theory of evolution to the Kansas curriculum. It can't happen soon enough for Kansas schoolchildren, since to not teach evolution is to not teach science.

Iridium Decommissioning Closer to Reality



Barring a last minute sale of the Iridium satellite constellation, Motorola plans to begin decommissioning (i.e., bringing down) 74 Iridium satellites as soon as August 16. Iridium ceased commercial operation in March 2000 – after only a little more than a year in service – when it failed to attract sufficient subscribers for its $5.5 billion satellite telephone system. Negotiations with several groups of investors regarding the possible purchase of Iridium have been unsuccessful. A group of investors including the Reverend Jesse Jackson is still attempting to put together the necessary financing to purchase Iridium. If no deal can be finalized, Motorola plans to decommission all 74 satellites over the coming 12 to 18 months by lowering the orbit of three to six satellites at a time to the point where the satellites will reenter the atmosphere naturally between one and six months later. Debris from each satellite is expected to survive reentry, falling back to Earth, and neither the time nor the location of any Iridium satellite's actual reentry is predictable. NASA estimates that there is a 1 in 18,500 (.005%) chance that one person on Earth would be hit by debris from a reentering Iridium satellite, which is within the standard established for U.S. Government satellites of less than 1 in 10,000. For all 74 Iridium reentries, there is a risk of 1 in 249 that one person in the world will be struck by debris. An interagency working group concluded that the government should take no action to prevent Motorola from decommissioning the Iridium satellites based on an assessment of safety and liability issues. Today, NSC and OSTP held an interagency meeting to discuss the national security and foreign policy implications of the Iridium decommissioning in the event the last ditch efforts to save Iridium fail.

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Stem Cell Guidelines

HHS has submitted the final stem cell research guidelines for our consideration. The guidelines describe the conditions under which NIH will fund research using stem cells derived from human embryos and fetuses. The stem cells cannot be derived using Federal funds but must be obtained from private sources in compliance with strict requirements for informed consent from the donors. While I understand that the guidelines have not changed significantly from the draft version, the first step is to make sure that we are comfortable with the current iteration. I intend to meet with OVP, DPC and OMB next week to assess the guidelines and HHS' rollout plan. HHS plans to release the ~~guidelines in mid-August~~. We will make sure that the patient advocacy groups that have been so effective in blocking Congressional efforts to derail the guidelines are informed when the guidelines are ready for publication so that the groups can continue their work to this end. Otherwise, I suggest that HHS handle the rollout, with a supportive paragraph from the WH. My staff is preparing questions and answers in support of the HHS guidelines in anticipation of their publication.

Deadly Skin Cancer Signature Revealed by Human Genome Project Data

Today's *Nature* magazine carried reports from two groups of researchers who have identified the genetic "signature" of a particularly aggressive form of melanoma, a skin cancer that will kill 8,000 Americans this year. The *Wall Street Journal* and *Washington Post* covered the story. The melanoma results are the fruits of the first large-scale studies on cancer genetics made possible by the flood of information emanating from the Human Genome Project. Both groups used a new technology called "genetic expression profiling" to analyze melanoma tumor samples. They discovered that even tumors that look identical under a microscope can be separated into categories based on patterns of genes that are turned on or off and that correspond with the ability or disinclination of the tumor to metastasize. This finding has important implications for the diagnosis and treatment of melanoma, which occurs in 50,000 Americans each year. By providing better diagnosis, the research has the potential for increased chances for survival of those with malignant melanoma.

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THE WHITE HOUSE

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August 4, 2000

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Burson

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra Mickey

SUBJECT: Office of Intergovernmental Affairs Weekly Report

STATE OFFICIALS

Governor Gray Davis (D-CA): Governor Davis has taken several steps to address the severe power shortage in his State. On August 2, the Governor issued three Executive Orders designed to reduce energy consumption by state government and speed up the process for new power generating facilities to win approval from state agencies. Although the Governor has made no formal requests of the federal government for assistance on the power shortage problem, the Governor issued a press release applauding your August 3, Directive which addressed both the supply and demand of electricity in the State.

JP/cc Burson

The Governor also is facing the related problem of extraordinarily high retail electric prices in San Diego. Rates there have more than doubled since last summer, and they continue to rise. On this issue, the Governor has asked the Federal Energy Regulatory Commission to order refunds to customers, if its investigation of wholesale prices in the region determines that the rates are not justified.

Governor Gary Locke (D-WA): On August 2, Governor Locke wrote to you to express serious concern about the importation of certain low-level radioactive waste that a Spanish company is preparing to ship to a disposal facility in Richland, Washington. The Governor is concerned that this shipment will set disturbing precedent regarding the importation of radioactive waste into the United States. However, as the Governor correctly acknowledges in his letter, the federal government currently has no authority to ban the importation of this type of nuclear waste. He, therefore, urges you to support a legislative solution to this problem. CEQ, NSC and IGA are drafting your reply to the Governor's letter.

Can we do anything, VP statement say something?

Governor Tony Knowles (D-AL): The federal government continues its response to the Governor's request for assistance for families and communities impacted by disastrously weak salmon returns in Western Alaska. On August 3, Secretary Mineta signed a declaration of a fishery disaster under the Magnuson-Stevens Act, and SBA issued a disaster declaration as well. After speaking with Secretary Mineta, the Governor issued a statement welcoming the federal government's rapid and comprehensive response.

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INSULAR AREAS

Puerto Rico Status: Senate Majority Leader Trent Lott said the Commonwealth party's proposal that the Commonwealth be able to determine the application of Federal laws in many areas and enter into agreements with foreign countries, is not viable. Senator Lott has been the primary impediment to legislation authorizing Puerto Rico's status choice for fear that it would lead to statehood.

The Republican Party adopted a platform that supports statehood if Puerto Ricans vote for it and says the Federal government should sponsor a referendum on the question. The draft Democratic Party platform pledges to continue your initiative to enable Puerto Ricans to choose the islands' status.

A campaign aide said that Bush would personally work with Puerto Rico's governor and leaders of Congress to resolve the islands' status issue if elected President.
Commonwealth party president Sila Calderon (I) wrote Governor Bush and the Vice President expressing concern regarding your initiative and said the issue should only be acted upon by the Federal government after Puerto Rico's three status-based parties reached agreement on it.

Vieques Navy Range: An aircraft carrier battle group began intermittent training at Vieques that will last for as long as three weeks. The Independence Party's representatives in Puerto Rico's Senate and House were arrested for trespassing on the range in an effort to prevent the training.

After Representative Roy Blunt (R-MO) suggested your Vieques Directives would be revised by a Bush administration, a spokesman said Governor George W. Bush is fully committed to your Vieques agreement.

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THE WHITE HOUSE

WASHINGTON

August 4, 2000

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: **Summary of Cabinet Weekly Reports**
July 29 – August 4, 2000

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

- **Western Wildfires:** On July 24, officials at the National Interagency Fire Center in Boise, ID, raised the national fire preparedness level to Level V, the highest level. Cabinet Affairs and Deputy Chief of Staff Maria Echaveste have co-hosted a series of conference calls with federal agencies involved in coordinating the response to these fires. As of August 4, approximately 24,000 firefighters and personnel, 1,090 fire engines, 168 helicopters, and 11 air tankers have been committed to these fires. Resources are being assigned utilizing the priorities of threat to firefighter and public safety, the ability to deliver initial attack on new fires, and protection of at-risk communities. To date, 62,000 wildland fires have burned more than 3.8 million acres with 414 new fires yesterday. The U.S. Forest Service estimates that suppressing these fires is costing between $10-15M nationwide each day.

DEPARTMENT OF THE TREASURY

- **National Conventions:** Numerous demonstrations occurred during the Republican National Convention in Philadelphia, resulting in approximately 400 arrests. However, the intense security preparations prior to the convention permitted it to go forward without interruption. Treasury is continuing to participate in security planning for the Democratic National Convention in Los Angeles, which is expected to draw an even larger number of demonstrators. In preparation, the Los Angeles Police have been working closely with the Secret Service and the Philadelphia Police.

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- **E-Commerce:** On July 25, Treasury announced the launch of two e-commerce initiatives. Pay.gov is a one-stop shop for people to make government payments using the Internet. It will enable the public to interact electronically with the Government for such purposes as authorizing payment and collection methods, signing and processing forms, and accessing and sharing information. SLGSafe is a secure, e-commerce Internet site to serve Treasury's Bureau of Public Debt customers in state and local government who invest in Treasury's State and Local Government Securities. The site allows state and local governments, as well as the financial institutions that act for them, to subscribe to and redeem securities, make portfolio changes, and review financial reports.

- **Croatia:** On August 9, Secretary Summers will meet with the President and Prime Minister of Croatia, who were recently elected on a reformist platform. Secretary Summers will use this opportunity to encourage Croatia to work closely with international financial institutions to develop a credible strategy to address its serious fiscal problems.

- **Brady Law:** On August 2, the *Journal of American Medical Association* published an article questioning the impact of the Brady law on the overall homicide and firearms homicide rates. In response, Treasury, in coordination with the White House and DOJ, has been speaking to the press in order to explain that the Administration's firearms strategy, of which the Brady Law is an important component, has contributed to a tremendous decrease in firearms violence. More importantly, Treasury is explaining that the study conducted was flawed primarily because it used an inappropriate control group and failed to consider the effects of ~~interstate gun trafficking between Brady Law~~ and non-Brady Law states or of the secondary ~~market in gun sales between individuals~~.

DEPARTMENT OF JUSTICE

- **Federal Witness Murder Conviction:** On July 17, a Federal drug defendant who murdered a witness was convicted of tampering with and retaliating against a federal witness. The witness was killed two days before he was scheduled to testify against the defendant in Federal court in Mobile, AL. While awaiting trial on drug charges, the defendant planned and carried out the drive-by shooting of the witness. An eyewitness at the gas station identified the defendant as the shooter. The defendant was sentenced to life in prison.

- **Former Nazi's Citizenship Revoked:** On July 24, a Federal court revoked the U.S. citizenship of Theodor Szehinskyj, 76, for his activities as a Nazi concentration camp guard during World War II. The judge found that Szehinskyj's service as an armed guard of civilian prisoners at the Gross-Rosen, Sachsenhausen, and Warsaw concentration camps constituted assistance in Nazi-sponsored acts of persecution, thus rendering him ineligible for the U.S. visa he had used to immigrate to the U.S. in 1950.

8-8-00

DEPARTMENT OF THE INTERIOR

- **Mineral Trespass Violation:** A company that had been illegally removing sand and gravel from public lands near Stockton, UT, recently paid $94,000 to settle a civil suit for removing mineral material without a lease. The settlement included $82,000 for the value of the material removed, six percent interest for each of the past two years, and an administrative expense charge of $2,500.

- **Northwest Fish Recovery:** Recently, the Governors of ID, MT, OR, and WA announced a historic agreement to begin to move the region toward recovery of salmon and steelhead in the Columbia River Basin. The Governors' announcement coincided with the Federal government's release last week of a paper on recovery of salmon and steelhead in the Columbia River Basin listed under the Endangered Species Act (ESA) and a draft biological opinion on recovery of ESA-listed Snake River salmon.

- **Cerro Grande Fires Report:** The Board of Inquiry into the Cerro Grande fire, which burned thousands of acres in and around Los Alamos, NM, after starting as a controlled burn at Bandelier National Monument, will review evidence and make recommendations for any appropriate personnel actions. The Board had previously planned to complete its report by July 31, but several individuals who need to be interviewed by the Board are currently fighting fires throughout the West, and may not be available until much later in the fire season. The USFS member of the Board has been called back to MT on emergency fire management duties. DOI is unsure when the report will be completed.

DEPARTMENT OF AGRICULTURE

Joby

- **Pine Ridge Ground-Breaking Ceremony:** On August 3, Deputy Secretary Rominger traveled to the Pine Ridge Reservation in SD to announce the ground-breaking and construction of the Pine Ridge Youth Opportunity and Wellness Center. USDA and HUD are cooperating with the Tribe to build this center in an effort initiated after your trip to Pine Ridge last year.

- **VT Sheep Infection:** On August 1, a Federal court refused to grant an injunction preventing the USDA purchase and disposal of two flocks of sheep that may have transmissible spongiform encephalopathy. Both owners have until August 7 to appeal the decision. After the legal issues are resolved, USDA will take the animals to a facility in Newburgh, NY, where they will be euthanized and have additional samples taken for diagnostic purposes. The samples and the carcasses will then be transported in a controlled and humane manner to USDA's high-biosecurity facility at Plum Island, NY, where the samples will be stored and the carcasses will be incinerated under strict protocols. USDA is working to alleviate concerns expressed by Representative Forbes about any potential risk to human or animal health in the surrounding area.

Are we replacing the sheep? This could become an issue in Vt. (though

8-8-00

- **Sugar Aid Program:** On August 1, USDA announced a new effort to help sugar beet and cane farmers deal with low prices caused by an excess of domestic sugar. The Payment-In-Kind (PIK) program offers sugar beet farmers the choice of exchanging their crop for sugar held by USDA's Commodity Credit Corporation. Farmers can then bid for this sugar by offering to divert acres from production. By reducing this year's harvest, the PIK program will help alleviate sugar overproduction, reduce probable crop loan forfeitures, and dispose of government inventory. The amount of sugar available for the PIK program is likely to increase in the coming months as sugar pledged as collateral for loans is forfeited.

- **Commodity Markets:** Wheat cash prices dropped on increased new-crop availability, but futures held steady on better-than-expected export news. Excellent growing conditions in the Corn Belt sent corn and soybean prices down across the board. Rice cash prices were up in light trade, but futures fell on improved crop prospects. Cotton prices moved slightly lower as both the TX and CA crops are in generally good condition. Lower slaughter and large supplies combined to erode cattle prices. Declining wholesale prices for most pork products helped reduce hog prices. Increased retail featuring offset poor food-service demand to help hold broiler prices steady. Cheese prices were up for the week. Demand for cream helped hold butter prices firm.

DEPARTMENT OF COMMERCE

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- **FY2001 Budget:** Your FY2001 budget includes the creation of an Office of Community Economic Adjustment to coordinate Administration-wide responses to regions impacted by severe and sudden economic distress and to address uneven impacts of economic dislocations and changing trade patterns. The budget includes $10M of "rapid-response" planning and technical assistance, as well as $25M for implementation assistance. Legislation has been introduced in Congress mirroring your budget proposal, but no action has been taken on this legislation. The full House specifically rejected your budget proposal and the Senate reduced EDA funding by approximately $140M. While efforts to secure support and funding for this effort continue in Congress, EDA has begun activity within existing program and administrative resources to "pilot" this initiative.

- **Virtual Trade Mission to China:** DOC's Commercial Service office in Beijing will host China's first large-scale "virtual trade mission" during the China ComputerWorld trade fair on August 21-24. The event is the first in a series of efforts to use e-commerce and information technology to enhance trade promotion overseas. Thirty-five U.S. companies are expected to display their products.

Department of Labor

- **OSHA and Flight Attendants:** FAA and OSHA are negotiating an agreement to establish a process for extending to airline flight attendants OSHA regulations relating to bloodborne pathogens, noise, sanitation, hazard communication, anti-discrimination, and access to employee exposure/medical records. Ultimately, FAA will replace its 1975 *Federal Register* notice that removed in-flight operations from OSHA coverage.

- **Verizon Strike:** Approximately 73,000 workers at Verizon Communications are threatening to strike on August 6 if no new agreement is reached. The workers are represented by the Communications Workers of America. Some 10,000 Verizon employees represented by the International Brotherhood of Electrical Workers will likely honor picket lines. The issues in dispute center on organizing efforts among workers in the wireless phone sector of the company, job security protections, and limitations on contracting out. Up to 25 million customers from VA to ME would be affected by a strike.

Department of Health and Human Services

- **West Nile Virus (WNV):** On August 4, New York City officials announced that a 78-year old Staten Island man has tested laboratory positive for WNV. The individual became ill on July 20 and was admitted to a local hospital on July 22. He was released a week later and is resting at home. Dr. Steve Ostroff of the CDC participated in the press conference. The press conference was also used as an opportunity to remind the public about the City's surveillance efforts and what individuals can do to protect themselves from WNV.

- **Ephedrine Public Meeting:** On August 8-10, the U.S. Public Health Service will hold a public meeting to discuss the safety of dietary supplements containing ephedrine alkaloids. These products are promoted for uses such as weight loss, body building, and increased energy. The meeting will focus on the benefits and risks of these products.

- **Biomedical Research Integrity:** In August, HHS's Office of Research Integrity expects to commission a survey of research integrity measures utilized in biomedical research laboratories. Self-administered questionnaires will be sent to 5,000 principal investigators supported by NIH. Study results should indicate the extent to which research integrity measures are utilized in laboratories, the frequency with which the various research integrity measures are used, and the characteristics of the institution, laboratory, and principal investigator that may affect their use. The study will also establish a database on biomedical research laboratories that may be used for secondary analysis by other researchers interested in doing research on research integrity.

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- **1999 Birth Data:** On August 8, the CDC will release a report on the latest data on teen births, unmarried childbearing, prenatal care, low birthweight, cesarean delivery, and other key aspects of maternal and child health. The report finds that teen births continued to decline to a rate of 49.6 per 1,000 women ages 15-19, the lowest rate in the 60 years that data on teen births has been recorded. Teen birth rates were down for all racial and ethnic groups, with the sharpest decline for American Indian teenagers, followed closely by black teenagers. Cesarean section delivery rates rose again for the third year in a row to 22 per 100 live births in 1999, an increase of four percent from the previous year. The data also indicate that more women are receiving prenatal care, rising to 83.2 percent in 1999 from 75.5 percent in 1989. This increase is particularly notable for black and Hispanic women, for whom the rate has increased approximately 25 percent in the last decade.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Gun BuyBack Initiative:** Secretary Cuomo has announced that HUD will move forward with its precedent-setting Gun BuyBack America program, despite Congressional attempts to halt the initiative. The announcement means that HUD will move forward in processing applications for additional communities that have expressed interest in the gun buyback initiative. During the first few months of HUD's buyback program, 70 cities have used HUD funding to purchase over 17,000 guns. The announcement brings the total number of communities participating to nearly 100.

- **Local Hispanic Community Resource:** Secretary Cuomo announced that HUD unveiled its first resource center in a Hispanic community in Washington, DC. The new center will breakdown societal barriers by providing public housing and low-income residents in this community training and access to computer networks for information on wellness, jobs and education. The resource center, located at the Latin American Youth Center in northwest Washington, is the newest of HUD's Neighborhood Networks, a national web of high-tech resources at which public and private organizations, neighborhood groups and housing developments collaborate to aid residents. There are more than 800 Neighborhood Networks nationwide and four in Washington, DC.

- **Hartford Gun BuyBack:** Hartford, CT Housing Authority will reprogram $10,000 of its FY1999 funding and will receive $4,300 in matching funds from HUD for a total of $14,300 for its Gun BuyBack Initiative. Hartford expects to take approximately 135 guns off the street. Guns will be exchanged for a $75 voucher for food or merchandise. The Housing Authority will work with the Hartford Police Department in an effort to locate, buy back, and eliminate the guns.

Department of Transportation

- **Concorde Investigation:** FAA investigators are coordinating with the French government personnel involved in the investigation of the fatal Air France Concorde accident that occurred in Paris on July 25. Plans are being made to send an FAA investigator to meet with the French team and review available information.

- **FAA Flight Data Link:** On July 30, FAA launched its flight information service data link, which will allow general aviation aircraft to obtain cockpit displays of digital weather graphics and text. The service will provide basic text weather information directly to general aviation pilots, and is designed to prevent accidents.

- **Pipeline Testing Meeting:** During the week of July 31, DOT announced an invitation to the public to attend an August 8 meeting in Bellingham, WA, to discuss the results of an internal pipeline inspection test conducted by the Olympic Pipe Line Company. This meeting is part of a series of actions stemming from a June 1999 pipeline failure. State and local officials will be present at the meeting to update the progress in restoring Whatcom Creek and to discuss Bellingham's agreement with the Olympic Pipe Line Company. Earlier this year, the Vice President, joined by Secretary Slater, proposed the Pipeline Safety and Community Protection Act of 2000, which would strengthen citizens' right to know about pipelines in their communities.

Department of Energy

- **CA Electricity Problems:** The continued heat wave in CA has strained the state's electricity system. During the last two days, CA came close to requiring rolling blackouts throughout the state. DOE is closely monitoring the situation. All Federal facilities in CA, including DOE, DOD, and GSA, implemented measures designed to reduce electricity demand, including turning off escalators and shutting down certain elevators, lights and computer systems. DOE has requested that TV stations in CA run a series of public service announcements about reducing the strain on the electric grid. DOE's Bonneville Power Administration took actions that allowed more electricity than normal to flow into CA from the Northwest.

- **DOE Website:** DOE has launched a new gateway site designed to expand citizen access to its online information and services. The web portal provides over 800 links to energy information on health, home, transportation, schools, business, the community, world, and future. The site is aimed at helping the public quickly find information on saving money on energy costs and see the latest sites on energy use, sources, and trends.

- **Emergency Management Exercise:** Bright Sun, the NV Test Site annual emergency management exercise, involving a hazardous material, will take place on August 23. Participants will include DOE and Las Vegas Fire and Rescue. Response organizations will demonstrate their capabilities to classify, notify, and provide resources and technical input to responding field units.

- **$4.4M for Research and Development Projects for Trucks:** On August 9, Secretary Richardson will announce the winners of a competitive research and development solicitation, "Reduction of Parasitic Energy Losses and Enabling Technologies for Class 7 and 8 Trucks." These classes of trucks, the largest on our roads, include trucks and their cargo weighing from 26,000 through 80,000 pounds. The technology resulting from these awards will produce fuel savings and assist in reduction of emissions. It is part of the government's work with the private sector to make the Vice President's 21st Century Truck Initiative a viable force in reducing the petroleum use and emissions for the transportation sector. The awards anticipate government expenditures of $4,407,000 over a four-year period. The awardees will contribute the same amount for the projects.

DEPARTMENT OF VETERANS AFFAIRS

- **Spinal Cord Injury (SCI) Care:** Acting Secretary Gober issued a press release announcing approval of a directive that expands services for veterans with spinal cord injuries. The directive sets numerical standards for the number of nurses, physicians and social workers per SCI patient, and commits VA to fully staff 1,209 beds designated for SCI patients in 23 VA medical facilities.

ENVIRONMENTAL PROTECTION AGENCY

- **Heavy Duty Vehicle Emissions:** On August 1, EPA issued its final rule for the first phase of its strategy to address emissions from heavy duty vehicles and engines. These new standards are part of a two-phase strategy to reduce emissions from heavy duty trucks and the largest passenger vans and sport utility vehicles (SUVs). In this first phase, EPA is finalizing new engine standards, beginning in 2004, for all trucks and SUVs over 8,500 pounds. The new standards would require diesel trucks and buses in 2004 to be 40 percent cleaner than today's models and gasoline trucks in 2005 to be 78 percent cleaner. EPA proposed the second phase of its strategy in May and intends to issue a final rule for the second phase by the end of the year. The second phase will lead to even more stringent standards to reduce pollution from heavy duty trucks. That proposal could take effect as early as 2007 and would reduce emissions of nitrogen oxides by between 75 and 90 percent beyond the first phase. When both phases are fully in effect, heavy duty trucks and buses will be almost as clean as alternatively-fueled vehicles such as compressed natural gas vehicles.

8-8-00

- **Report on Gas Prices:** On July 28, the FTC issued an interim report on its investigation of the gasoline price increases in the Midwest. While the interim report does not come to any definitive conclusions regarding the role of various factors in the price increases, it does indicate that the clean-burning reformulated gas program is unlikely to have been their source. Retail gas prices last week fell for the sixth consecutive week.

- **Great Lakes Water Quality Standards:** On July 31, EPA issued final water quality standards for IL, IN, MI, and OH because the states had previously failed to adopt adequate requirements. The new provisions pertain to total maximum daily loads, variances, and determination of reasonable potential for whole effluent toxicity. EPA will be taking separate final action at the regional level on submissions from MN and PA, which have been fully approved. EPA also expects to issue a final regulation to eliminate mixing zones for bioaccumulative chemicals in the Great Lakes within two weeks.

- **West Nile Virus (WNV):** In an effort to offer assistance to state and local officials in NY, EPA personnel observed ground applications of Scourge and Anvil pesticides in six NY counties last week. This week, NY will again apply these pesticides in Suffolk, Rockland, and Westchester counties. EPA plans to be on-site again for these applications. To date, a total of 67 birds with WNV have been identified in the New York metropolitan area: four in NJ and 63 in NY. Over 30 of the identified birds were found in Rockland County, NY.

UNITED STATES TRADE REPRESENTATIVE

- **Jordan Trade Negotiations:** Ambassador Barshefsky was in Jordan from July 29-August 4 to negotiate details of the U.S.-Jordan free trade agreement announced during King Abdullah's visit to Washington in June. During her trip, Ambassador Barshefsky met with Jordan's King and Prime Minister, as well as U.S. and Jordanian business representatives. The two sides have made substantial progress in a number of areas to be covered by the agreement, though further work remains on such issues as intellectual property rights protection, services, labor, and environment. The teams plan to resume discussions in approximately one month.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **U.S./Mexico Counter-Drug Meeting:** On August 8, Director McCaffrey will be in Mexico City, Mexico, to lead an interagency delegation at the U.S./Mexico High Level Contact Group for Drug Control meeting. The meeting will focus on reviewing the group's work over the last five years, identifying additional ways to improve counter-drug cooperation, and preparing for the transition to Mexico's next administration. Director McCaffrey will meet with President Zedillo and with members of President-elect Fox's transition team responsible for law enforcement, justice, and counter-drug issues.

- **Colombia Trip:** On August 10, Director McCaffrey, accompanied by Under Secretary of State Pickering, will travel to Colombia for meetings with President Pastrana and other key Colombian officials. They will discuss the implementation of Plan Colombia (President Pastrana's plan to address Colombia's national crisis) and U.S. contributions to this plan. Other issues to be discussed include the preparation and timing of counter-drug operations in southern Colombia and the need to ensure security for alternative development and social investment projects.

SMALL BUSINESS ADMINISTRATION

- **PRO-*Net* Expansion:** A major enhancement of SBA's PRO-*Net* Internet-accessed database will allow direct email notification from contracting officials to interested firms, an important link in the new Federal procurement environment. There are nearly 200,000 small, disadvantaged, and woman-owned businesses already listed on PRO-*Net*, including the more than 5,000 firms certified under SBA's 8(a) business development program.

OFFICE OF PERSONNEL MANAGEMENT

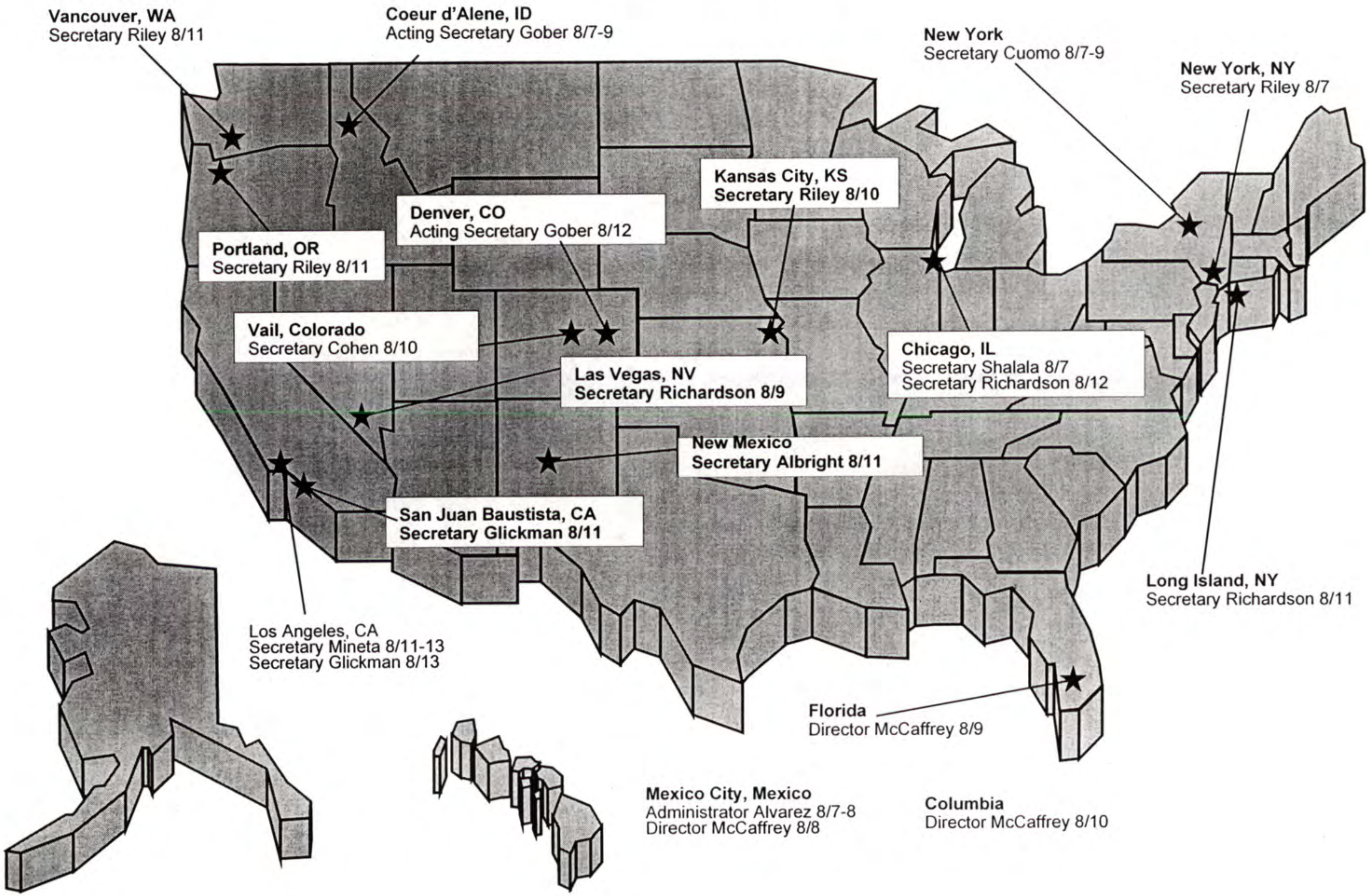
- **Federal/Military Health Benefit:** On July 27, the House passed the Long-Term Care Security Act, clearing it for your signature. The bill creates an OPM-run program under which long-term care insurance is made available to Federal employees, members of the uniformed services, civilian and military retirees, and qualified relatives. The bill also authorizes the rectification of instances where Federal employees were erroneously enrolled in the wrong retirement system by their agencies. The House removed two provisions affecting the application of social security tax provisions to certain employees who were erroneously put under FERS, characterized as technical changes.

SOCIAL SECURITY ADMINISTRATION

- **Social Security 65th Anniversary:** On August 5, SSA and the Franklin D. Roosevelt Library and Museum will host an event in Hyde Park, NY. The event will mark the 65th Anniversary of the signing of the Social Security Act, which occurred on August 14, 1935. The program will include remarks by Commissioner Apfel, the grandson of President Franklin Roosevelt, and the Director of the Library.

Cabinet Affairs Travel

Monday, August 7 - Sunday, August 13, 2000



cc:
The Vice President
John Podesta
Martin Baily
Sandy Berger
Sidney Blumenthal
Chuck Brain
Charles Burson
Mary Beth Cahill
Maria Echaveste
George Frampton
Mickey Ibarra
Ben Johnson
Joel Johnson
Janis Kearney
Neal Lane
Jack Lew
Joe Lockhart
Lisel Loy
Buddy MacKay
Minyon Moore
Bruce Reed
Steve Ricchetti
Gene Sperling
Lauren Supina
Loretta Ucelli
Melanne Verveer

8-8-00

THE WHITE HOUSE

WASHINGTON

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MEMORANDUM

copied
Ucelli
Cutter
Podesta

August 4, 2000

TO: THE PRESIDENT

FROM: LORETTA UCELLI
STEPHANIE CUTTER

RE: Communications Weekly Report

Overview

This week, through your Radio Address and other message vehicles, we pushed out the message that you continue to lead the nation on issues important to the American people. By vetoing the Republican Marriage Penalty Bill, you demonstrated to the nation that the Republican piecemeal tax plan is the wrong direction for America, and that your plan maintains fiscal discipline, invests in key priorities and provides targeted tax relief for America's families. Next week, we will focus attention on your domestic agenda, including highlighting your efforts to use this time of prosperity to ensure college accessibility for the nation's students.

Signing of the Oceans Act 2000

Congress recently passed an Administration-supported Oceans Act, which calls for the creation of a Commission to review federal oceans policy and report to the President and Congress on its findings. You called for this commission at the National Oceans Conference in Monterey, California in 1998. We are working with Press, Scheduling, CEQ and others to plan a bill signing event on Martha's Vineyard. Against the backdrop of the Vineyard's pristine beaches, this event will provide an opportunity to highlight your Administration's accomplishments in protecting the health and quality of the nation's oceans for generations to come.

Wednesday, August 9 – Medal of Freedom

We are working with the Press Office, the Social Office, Staff Secretary and others to prepare for the Medal of Freedom Ceremony on Wednesday at the White House, where you will officially bestow upon fifteen distinguished recipients the highest civilian honor in America – the Medal of Freedom. We are working with the press office to arrange regional press interviews for the medal recipients to ensure maximum press coverage across the nation.

8-8-00

Thursday, August 10 – Education Event

On Thursday, at an event in Chicago, Illinois, you will announce two new executive actions to increase college accessibility for America's students. We are working with the Chief of Staff's Office, DPC and others to plan an event at a university in Chicago with the students, families and teachers that would benefit from 1) new discounts on student loans to make college more affordable; and 2) a new regulation allowing for forgiveness of loans for new teachers in high-need schools after five years of teaching. We will use these announcements as a peg to call on Congress to pass your College Opportunity tax cut and other fiscally responsible tax cuts that help America's families.

Thursday, August 10 – Ministers Leadership Conference

We are working with the Chief of Staff's Office, the Press Office, OPL and others to plan your participation in the Ministers Leadership Conference.

Democratic National Convention

We are working with Political, Scheduling and other offices to plan your participation in events prior to and during the Democratic National Convention. We also are coordinating closely with Speechwriting and others to prepare for your Monday night keynote address. We are working with the Vice President's Office to plan your joint event on Tuesday in Michigan.

8.8.00

THE WHITE HOUSE

WASHINGTON

AUGUST 4, 2000

copied Entire Report
Cahill
Podesta
pg.1: Lindsey
pg2: Burkhardt (for reply)

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

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

SUBJECT: **WEEKLY REPORT** (July 29 to August 4)

I. ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES:

Briefing on Adminstration's Proposals for International Trade Enforcement. OPL hosted a meeting for various trade and corporate organizations to discuss the Administration's proposals for a series of initiatives currently before Congress to strengthen and enforce trade agreements, as well as address labor and environmental concerns. Rick Samans of the NEC reviewed several proposals including funding for International Environmental Capacity Building in the VA/HUD and Foreign Ops bills, funding for the Commerce Department to monitor WTO compliance and import surges and funding for the Community Economic Adjustment Initiative. Rick and agency staff shared the Administration's strategy for congressional support.

BL – shouldn't we do this?

II. CONSTITUENT OUTREACH AND OTHER ISSUES:

AFRICAN AMERICAN OUTREACH

NAACP Legal Defense Fund (NAACPLDF) is calling on you to provide clemency for Kemba Smith before the year ends. They called to alert us they will be submitting an official letter of request. NAACPLDF is leading the campaign in the African American community for her clemency. Elaine Jones will be speaking with the National NAACP over the weekend to discuss their support on the issue. CBCF has not contacted our offices nor officially submitted a letter of support on this issue. In the past, they have been very active in pushing for a possible clemency for Smith. Smith was sentenced to 24 years in prison with no possibility of parole for her participation in a crack cocaine case, although she never used or sold crack cocaine. This sentence is significantly higher than other admitted participants of a case who in fact sold crack cocaine.

8-8-00

The Corporate Council of Africa and Africa Growth and Opportunity Act (AGOA) Coalition Constituency wants to support the Administration's efforts on HIPC Initiative. OPL, NEC, NSC and Treasury hosted a briefing with the largely corporate community that supported the Africa and Caribbean Trade Bill on Monday. For many it was their first serious briefing with officials on the HIPC Debt Initiative. Both coalitions will join forces with the religious, labor, and Africa constituency community to support debt relief. Before they can aggressively rally around our efforts they will continue to work with Treasury and NEC\NSC to better understand how the U.S will be able to help the countries that do not qualify for this HIPC Debt Initiative.

ASIAN AMERICAN OUTREACH

Asian/Pacific American community applauds recess appointment of Bill Lann Lee. News on the recess appointment spread quickly throughout the community resulting a number of press releases from major APA organization praising the recess appointment. In addition the community held an impromptu celebration at the Annual Dinner of the Asian Pacific American Bar Association of DC last night. Mary Beth Cahill and Laura Efurd of OPL, and Maria Haley of PPO represented the White House.

BUSINESS OUTREACH

to Wayne — Dominic letter

Entergy Merger. On Monday, Florida Power & Light and Entergy Corporation announced they have agreed to combine in a merger of equals, creating the largest power company in the nation. The new company, which will be named at a later date, will be the largest U.S. electric utility and the largest power producer. Wayne Leonard, CEO of Entergy and a vocal supporter of your New Markets Initiative, will be named CEO and President. While the corporate headquarters will now be located in Juno, Florida, the utility company will stay in New Orleans and there will be no significant changes in the Arkansas operation.

JEWISH OUTREACH

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Leadership Change at the American Jewish Congress. Matt Dorf has announced his resignation effective following the convention. He is going to work for Steve Rabinowitz. No successor has been named.

LATINO OUTREACH

Nation's Largest Hispanic Civil Rights Organization, League of United Latin American Citizens, issues press release criticizing Texas GOP blocking confirmation of Hispanic Judges. The Director of Policy and Legislation for LULAC, Dr. Gabriela Lemus, addressed Enrique Moreno's nomination and how Texas Republican Senators have delayed the Judiciary Committee hearing for over 300 days. "It is a question of accountability. For the second time, confirmation hearings for an eminently respected and qualified Hispanic judicial nominee for the 5th Circuit Court of Appeals was obstructed," said Lemus. According to this Texan group, Moreno lacked the necessary qualifications to sit on the Federal Appeals Court. The press release received favorable coverage by 12 local and nation-wide agencies.

INS Restructuring. On Friday the Washington Post ran an opinion piece, written by Arturo Vargas, President of the National Association of Latino Elected and Appointed Officials Educational Fund. Arturo outlined how the majority of the national Latino and Immigration groups are more aligned with the Vice President's INS restructuring proposal. Additionally, Arturo criticized Governor Bushes' proposal, the separation of agencies and increasing the INS Budget by $500 million with no accountability measures, and expressed support for the INS restructuring pieces of legislation that the Administration is supporting.

Sister Isolina Ferre of Puerto Rico passes away. You should know that Sister Isolina Ferre of Puerto Rico passed away on Thursday, at the age of 85 at a hospital in Ponce, Puerto Rico. You will recall that a year ago, you welcomed Sister Isolina to the White House and presented her with the Medal of Freedom for her selfless commitment to others. In particular, while in New York City Sister Isolina taught gangs to solve their differences without violence and in Puerto Rico opened the Centros Isolina Ferre Community Service center which transformed ravaged neighborhoods by helping residents to empower themselves. A statement from you Thursday afternoon was released to the press. Your statement on Sister Isolina Ferre was reprinted in full in Puerto Rico's biggest paper in a box with a picture of her with you and it was the lead comment in the reaction story in Puerto Rico's second biggest paper.

RELIGIOUS OUTREACH

Muslim Groups Protest Statement on Jerusalem. Leaders from the American Muslim community have written you an "open letter" expressing concern about your remarks regarding the location of our Embassy. They believe a move to Jerusalem would contravene our stated position and raise questions about the reliability of the US as a "good faith broker."

THE WHITE HOUSE

WASHINGTON

8-8-00

copied entire report: Johnson Podesta

pg 1: Berger Echaveste Burkhardt Log

August 4, 2000

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

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

ACTIONS

Campus Week of Dialogue: We met with the Department of Education staffers who are organizing the Campus Week of Dialogue and the National College Week. We discussed ways to garner more publicity for programs by having noted private citizens serve as "program ambassadors" and participate in "anchor events" across the country. The department expects to have 1000 colleges participate in the programs. We drafted a fact sheet about Campus Week of Dialogue and the National College Week that is now posted on the White House Internship Program website. The website gets over 1,000 hits a day and should generate considerable interest in the programs.

OUTREACH

cc Sandy

need to discuss

Africa

Andrew Young called to inquire about your trip to Nigeria. He wants to talk to you regarding American business initiatives in Nigeria. He also voiced interest in traveling with you to Nigeria in August. According to Ernie ~~Green, Andy Young is~~ very influential with the Nigerians and carries a lot of respect with the new Nigerian regime. I asked him to send the list of American companies doing business in Nigeria to the NSC.

Freedom Rider

We are receiving calls from civil rights groups regarding the attached Washington Post article about Irene Morgan, which appeared in the paper last Sunday. Even though she has turned downed a number of prestigious awards, some are calling on you to issue her the Citizens Award during the Congressional Black Caucus weekend. She currently resides in Roosevelt, New York with her daughter.

Maria E

pls check out

this timing

8-8-00

CABINET RACE INITIATIVE WEEKLY

Department of Agriculture

Pine Ridge Groundbreaking Ceremony: On August 3, Deputy Secretary Rominger traveled to the Pine Ridge Reservation in SD, to announce the groundbreaking and construction of the Pine Ridge Youth Opportunity and Wellness Center. USDA and HUD are cooperating with the Tribe to build this center, in an effort initiated after your trip to Pine Ridge last year.

USDA Funds Two Solid Waste Projects for Native Americans: On July 25, USDA funded two significant American Indian solid waste disposal projects – one costing $325,000 for the Oglala Sioux reservation in SD; the other costing $150,000 for the Turtle Mountain Chippewa tribe in ND. Applications for these projects came to USDA through a multi-agency working group chaired by the Bureau of Indian Affairs, which includes the Rural Utilities Service, EPA, HUD and the Indian Health Service.

Department of Commerce

Texas Association of Mexican American Chambers of Commerce: Chief Financial Officer and A/S for Administration Linda Bilmes spoke at the Texas Association of Mexican American Chambers of Commerce convention in San Antonio on July 28. Bilmes discussed contracting opportunities at Commerce, and the innovative steps that have been taken to achieve greater diversity in our procurement program. More than 15,000 Hispanic businesses belong to the Association.

Hispanic Employment Plan Implementation: The Department has entered into partnership agreements with four Hispanic Serving Institutions (HSIs), including the University of Puerto Rico at Mayaguez, Florida International University, University of Texas at El Paso, and New Mexico State University. During the week of August 7, DOC representatives will meet with faculty and staff from California State University at Dominguez Hills and California State University at Los Angeles to explore ways to work together to achieve mutual goals.

Oklahoma: On July 24, EDA awarded a $100,000 grant to the Miami Tribe of Oklahoma to explore the viability of a new Tribal business enterprise centered on harvesting and processing pecans.

Department of Energy

Mickey Leland Fellowship: On August 8, Secretary Richardson will officially rename DOE's Minority Education Initiative as the "Mickey Leland Energy Fellowship" to celebrate former Congressman Mickey Leland's dedication to education through hands-on learning. Former Congressman Leland's widow will join Secretary Richardson and the 30 minority students completing summer internships in geology, engineering, math and the sciences. The ceremony will complete the first day of a two-day forum in which each of the students in the 2000 class of DOE's Fossil Energy Summer Internship Program will present results of their 10-week projects.

Environmental Protection Agency

Water Quality Grant: Skokmish Tribe of WA received a $186,763 Water Quality Monitoring grant for water quality monitoring and building tribal capacity to address environmental and human health issues.

Environmental Assistance Grant: The Shoalwater Bay Indian Tribe of WA received a $224,172 Environmental Assistance grant.

Department of Health and Human Services

Substance Abuse dialogue assistance: On August 10 Dr. Nelba Chavez, Administrator, Substance Abuse and Mental Health Services Administration (SAMHSA) and Congressman James P. McGovern will participate in a community celebration and press conference in Worcester, Massachusetts, to announce new materials from SAMHSA designed to enhance the dialogue between Spanish speaking Hispanic/Latino parents and their children about substance abuse. On August 24, Dr. Nelba Chavez, Administrator, Substance Abuse and Mental Health Services Administration (SAMHSA) and Congressman Edward J. Markey will participate in a similar event in Framingham, Massachusetts.

Department of the Interior

National Association of Black Journalists: Robert G. Stanton, director of the National Park Service, and Tom Fry, Director of the Bureau of Land Management will attend the National Association Black Journalists Convention from August 15-17 in Phoenix, AZ. On August 24, Stanton will attend the TX Conference of Black Mayors.

Drought Workshop and Training Conference: Eluid Martinez, Commissioner, Bureau of Reclamation (BOR), will be the opening speaker at the Drought Workshop for Indian Tribes/MOU signing with the Mni Sose Intertribal Coalition, on August 29 in Rapid City, SD. He will be the keynote speaker at the 18th Annual Training Conference and Scholarship Luncheon Program of the Southern NV Hispanic Employment Program Council, on August 30 in Las Vegas.

Department of Justice

National Black Prosecutors: Attorney General Reno will address the National Black Prosecutors Association (NBPA) in Washington on August 10. Deputy Attorney General Eric H. Holder, Jr. will provide the welcoming address for conference on August 9. On August 10, he will attend an open house with Ruby Bridges of the NBPA at the Department of Justice.

Department of Labor

ABC News: Producer Dan Harris contacted the Department regarding a Wall Street Journal article that ran July 7, 2000 which states that the Department has intensified a review of high-tech companies' hiring practices. The article also states the Department found that 13 of 85 companies discriminated against women and minorities and another 24 companies were found to lack required minority recruitment plans. ABC News is planning to run a story on H1-B and Silicon Valley (date TBD).

American G.I. Forum: On August 10-12, Al Borrego, Assistant Secretary for the Veterans Employment and Training Service, will attend the annual National Convention of the American G.I. Forum, the largest Hispanic veterans service organization in the country, in Denver, Colorado. Assistant Secretary Borrego will make remarks to the Board of Directors and staff of the National Veterans Outreach Program (NVOP) about the Workforce Investment Act.

Office of Personnel Management

Hispanic American Police Command Officers: On August 24, Deputy Director Sepúlveda will provide a keynote address at the Hispanic American Police Command Officers Conference.

Social Security Administration

SSA's Chicago Region Co-Sponsors Hispanic Outreach Seminar: On August 8, SSA and the Puerto Rico Federal Affairs Association (PRFAA) will co-sponsor an Hispanic outreach seminar in Chicago as part of the Chicago Region's celebration of SSA's 65th Anniversary. Carolyn Simmons, Deputy Regional Commissioner, will discuss SSA's impact on all Americans and SSA regional staff will provide information about Social Security programs. Over 300 people are expected to attend.

The Washington Post

SUNDAY, JULY 30, 2000

Woman's Stand in 1944 Set Example for Others

The Freedom Rider a Nation Nearly Forgot

BY HELAYNE SEIDMAN FOR THE WASHINGTON POST

Irene Morgan refused to give up her seat years before Rosa Parks did.

By CAROL MORELLO
Washington Post Staff Writer

Woman Who Defied Segregation Finally Gets Her Due

Irene Morgan was feeling poorly the muggy July morning when her refusal to bow to bigotry would alter history.

Still recovering from a miscarriage, she boarded a crowded Greyhound bus at a crossroads stop in Gloucester, Va., bound for Baltimore. She walked back to the fourth row from the rear, well within the section where segregation laws required black passengers to sit. She picked an aisle seat beside a young mother holding an infant. A few miles up the road, the driver ordered the two black women to stand so a young white couple could take their seats.

But Irene Morgan said no, a bold and dangerous act of defiance and dignity in rural Virginia or anywhere in the South of 1944.

"I can't see how anybody in the same circumstances could do otherwise," recalled Morgan, brushing off suggestions that she did something brave. "I didn't do anything wrong. I'd paid for my seat. I was sitting where I was supposed to."

Eleven years before Rosa Parks refused to cede her seat to a white passenger on a Montgomery, Ala., city bus and sparked a new chapter in the civil rights movement, Irene Morgan's spirited and unflinching "No" was a stick of dynamite in a cornerstone of institutionalized segregation.

Her arrest and $10 fine were appealed all the way to the U.S. Supreme Court by a young NAACP lawyer named Thurgood Marshall, resulting in a landmark 1946 decision striking down Jim Crow segregation in interstate transportation. She inspired the first Freedom Ride in 1947, when 16 civil rights activists rode buses and trains through the South to test the law enunciated in *Morgan v. Virginia*.

But Morgan's name and her contribution have been all but forgotten, reduced to little more than a footnote in the history books. Even many scholars of African American history have never heard of Morgan or her case.

Now an 83-year-old great-grandmother living on Long Island, Irene Morgan Kirkaldy will have a measure of her legacy restored Saturday in Gloucester. The town where she got on the bus and challenged an ugly fact of life for black Americans will honor her with a day called "A Homecoming for Irene Morgan." Four scholarships will be established in her name.

Even in Gloucester, a town in which her family has deep roots dating back to slavery, Morgan's is not a household name. Volunteers researching local history for the county's 350th anniversary next year came across her connection to Gloucester by chance. Testing her name recognition, they asked everyone they knew whether they'd ever heard of Irene Morgan. They got blank looks.

Who?

"It's the most amazing story," said Jann Alexander, who is coordinating the homecoming. "She's a role model for our children and a link to our past. When I think about honoring someone who made such a sacrifice, I get all choked up."

Morgan's story began on a Grey- F bus in 1944, when many of ars of segregation already w. under attack.

As World War II raged in Europe and the Pacific, the black press in this country was urging a "double V campaign" for victory against the enemies abroad and the enemies at home. Black GIs who had fought for freedom overseas returned home with a heightened sensitivity to their lack of freedom here. There were numerous incidents in which black soldiers were shot, beaten or forcibly ejected from buses and trains for sitting in sections reserved for whites or taking too long at a rest stop.

Throughout the South, with little national attention, many blacks were refusing to vacate their seats in individual acts of resistance.

"Rosa Parks deserves a great deal of credit for turning the tide, but there were many Rosa Parkses and a big number of Irene Morgans, too," said Leon F. Litwack, the Pulitzer Prize-winning author of "Trouble in Mind: Black Southerners in the Age of Jim Crow."

Unlike Parks, however, Morgan v seeking a showdown. Her S -day Adventist family eschewed all signs of aggrandizement, such as jewelry and makeup, and stressed the need to act righteously and trust in God. The sixth of nine children who were just two generations free of slavery, she came of age during the Depression. Her father did whatever work he could find, from painting houses to mowing lawns. Morgan drifted in and out of high school, depending on whether she had a job cleaning houses, washing clothes or caring for the children of white people.

"We were born into a segregated world," said Morgan's slightly younger sister, James Laforest, who was named after an uncle. "From birth, we knew there were certain things that could not be. We were *persona non grata* in certain stores downtown. But we stayed away from confrontation. Our family instilled in us to do the best we could, because one day this, too, would be gone."

Morgan was 27 in the summer of 1944. She had left her daughter and son with her mother in Gloucester s ould return home to Balti- n r a checkup after the miscarriage. The events of that day roll off her tongue as vividly as if they had happened an hour ago instead of 56 years ago.

Dressed for travel, as people did in those days, she was wearing a nice dress and high-heeled shoes when she bought her $5 ticket from the "Colored" window at Haye's grocery store.

A half-hour or so out of Gloucester, a white couple boarded. The driver ordered Morgan and her seatmate to move. Not only did Morgan refuse to budge, but she refused to let the woman next to her relinquish her seat.

"Where do you think you're going with that baby in your arms?" Morgan recalls telling her.

Faced with two recalcitrant passengers who refused to be intimidated into obeying the day's segregation mores and law, the driver headed into the Middlesex County town of Saluda and stopped outside the jail. A sheriff's deputy came aboard and told Morgan that he had a warrant for her arrest.

She ripped it up and threw it out the window.

"I hadn't done anything wrong," she said.

But after her cavalier shredding of the warrant, the deputy grasped her arm to yank her off the bus.

"He touched me," she said. "That's when I kicked him in a very bad place. He hobbled off, and another one came on. He was trying to put his hands on me to get me off. I was going to bite him, but he was dirty, so I clawed him instead. I ripped his shirt. We were both pulling at each other. He said he'd use his nightstick. I said, 'We'll whip each other.' "

To this day, she recalls no grander purpose in mind than doing what the moment called for.

BY HELAYNE SEIDMAN FOR THE WASHINGTON POS

"I'd paid my money," Irene Morgan Kirkaldy says about the 1944 bus incident. "I was sitting where I was supposed to sit. And I wasn't going to take it." Next month, Morgan's hometown of Gloucester will honor her for her stand.

"I was just minding my own business," says Morgan, whose face shows few signs of age and whose hair is just beginning to be salted with white. "I'd paid my money. I was sitting where I was supposed to sit. And I wasn't going to take it."

Dragged off the bus and thrown in jail, she yelled out the barred window to ask some passing black youths to call a local minister and have him contact her mother. Within an hour, her mother arrived to post a hefty $500 bail.

Morgan's trial was held in Middlesex Circuit Court. Two details stood out to Morgan: The court was packed with black and white spectators sitting side by side, and on the courthouse door was posted a charter for the Ku Klux Klan.

Morgan pleaded guilty to the charge of resisting arrest and was fined $100. But she refused to plead guilty to violating Virginia's segregation law.

Her attorney, the late Spottswood Robinson III, of Richmond, made the practical argument that segregation laws unfairly impeded interstate commerce. Robinson, former chief judge of the U.S. Court of Appeals for the District of Columbia, purposely did not make the moral argument that segregation laws were unfair under the 14th Amendment guarantee of equal protection.

"The Supreme Court wasn't ready to take that argument," said U.S. District Judge Robert Carter, who as a young NAACP lawyer assisted Robinson. "The case was significant in that what we were trying to do was break down segregation."

Still, Morgan was found guilty and fined $10.

She never heard the appeals argued on her behalf by two NAACP lawyers: Marshall and William Hastie, the dean of Howard Law School, which was at the center of the civil rights struggle.

In a 6 to 1 decision handed down June 3, 1946, the Supreme Court struck down Virginia's segregation statute on buses traveling from one state to another.

Robinson telephoned Morgan to tell her about the ruling.

"We all laughed and said, 'She won,' " recalled Laforest. "We were so proud of her. It was a big step, not only for Irene but for all black people. And not just for my race, but for the people of America."

Although the Morgan case was front-page news and Greyhound immediately ordered its drivers not to enforce segregation, change did not come overnight.

A year later, eight white and eight black activists with the newly formed Congress of Racial Equality set off on a two-week "Journey of Reconciliation" through four southern states to explain and test the Morgan decision.

On buses and trains, they sang a song they called "You Don't Have to Ride Jim Crow!":

On June the third the high court said,
When you ride interstate Jim Crow is dead.
Get on the bus, sit anyplace,
'Cause Irene Morgan won her case.
You don't have to ride Jim Crow.

Along the way, however, 12 of them were arrested on six occasions for sitting together, black and white, in both the front and back of the bus and refusing drivers' orders to segregate.

"The decision of June 3, 1946, outlawed segregation in interstate travel, but June the 4th was pretty much the same as June 2," said Robin Washington, who produced an award-winning documentary on the Journey of Reconciliation. "On the other hand, the decision certainly laid the groundwork for changing everything. We may not know it, but we owe a lot to Irene Morgan."

As Morgan gets the recognition that so long eluded her, it may be tempting to consider her a remarkable woman for one long-ago heroic act. But friends and family say her whole life has been about doing right and good.

"She takes on otherwise Herculean efforts, but only when conflict touches her and her family," said her granddaughter Aleah Bacquie. "She doesn't seek it out."

Over the past five decades, Morgan has led a quiet but extraordinary life.

Widowed by her first husband, she married Stanley Kirkaldy, a dry cleaner, in 1949. Her two children from her first marriage have given her five grandchildren and two great-grandchildren.

For many years, she ran her own business providing maid service and child care in Queens. But she always dreamed of continuing her education. So after winning a scholarship in a radio contest, she earned a bachelor's degree in communications from St. John's University in 1985—at age 68. She was awarded a master's degree in urban studies from Queens College in 1990—at age 73.

She has continued to inspire her family with acts grand and neighborly. In Baltimore, she passed out petitions demanding an end to school segregation without telling anyone who she is. She wrote to the pope seeking his intervention in the case of a Haitian whose children had been barred from parochial school. She rescued a neighborhood boy from a burning building. Every Thanksgiving, she invites two homeless residents over for dinner and laundry.

"She always taught us that if you know you're right, it doesn't matter what anyone else thinks," said her daughter, Brenda Bacquie. "It's a moral thing. It's something you have to do. She doesn't see herself as a hero. She saw something that had to be done, and she rushed in, like all heroes."

Morgan is unruffled about being overlooked in the pantheon of civil rights heroes. Even her neighbors have no clue who she is.

"It never bothered me, not being in front," she said demurely. "If there's a job to be done, you do it and get it over with and go on to the next thing."

She remains a private woman, reserved and modest in an age when neither attribute is valued much. When Howard University wanted to award her an honorary doctorate, she declined, saying, "Oh, no, I didn't earn it."

Staff researcher Bobbye Pratt contributed to this report.

FAMILY PHOTO

A young Irene Morgan, shown in a 1949 photo in Hartford, Conn.

8-8-00

THE WHITE HOUSE

WASHINGTON

August 4, 2000

copied Entire Report, Cutler Podesta Echaveste

MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER Lyn

CC: MARIA ECHAVESTE

JP

SUBJECT: WEEKLY REPORT

PINE RIDGE YOUTH CENTER

Should try to plan - I think Domenici will support

- Secretary Cuomo broke ground for the construction of the youth center you proposed at Pine Ridge this week. We'll still try for an event with you in September to "bless" this project.

ENERGY INITIATIVE

Good

- Secretary Richardson is proposing a whole new initiative to bring energy and power to Indian country. If this legislation passes, we may have a chance at improving the terrible statistics about electricity coverage in Indian country. The bill would authorize the creation of an Indian energy grants program and Indian energy office within DOE. I am attaching the analysis because of your concern about the current situation and because this seems to be such a good start. The Secretary has transmitted it to the Speaker. You may have an opportunity to discuss it with the Speaker on your trip to Colombia.

IOWA STATE UNIVERSITY AND TRIBAL COLLEGES

- Four tribal colleges are receiving help from Iowa State University to strengthen environmental and natural resource studies programs. They are doing this under a Higher Education Challenge Grant of $221,000 from USDA. It's a big help to the tribal colleges in developing programs to preserve soil, water, prairies and forestland, as well as wildlife and animal ecology.

WASHINGTON POST ARTICLE

- I was pleased that Judy Mann, columnist for the Post, agreed to do a column on the plight of American Indians. I'm attaching a copy for you. Lots of people around the country saw it, and we've heard from them.

5-8-00

MEMORANDUM FOR THE PRESIDENT
PAGE TWO

CDFI AND INDIAN COUNTRY

- I had a briefing yesterday from the people at CDFI at Treasury about a major study they are undertaking to determine the barriers to lending in Indian Country and the steps to be taken to remove those barriers. They have just completed thirteen workshops around the country with tribal leaders, banks, non-profit organizations and others. Each workshop produced lists of the biggest impediments. Treasury is now compiling all of this data and a final report will be produced.

Good

Section-by-Section Analysis

Section 1. Short Title

This section gives the short title of the bill.

Section 2. Findings

This section sets forth the Congressional findings. They note that the federal government shares a role in protecting tribal sovereignty: that cooperative tribal-federal efforts can improve tribal governmental infrastructure in a manner beneficial to both the tribal communities and their surrounding non-tribal localities: that the Department of Energy is uniquely suited to coordinate interagency efforts to develop Indian energy resources: that it is critical for Indian tribes to have access to energy sources and supplies: that significant numbers of Indian households do not have access to reliable energy services: and that the United States must work with Indian tribes towards securing appropriate power supplies to support tribal economic and community growth.

Section 3. Purposes

This section provides that the purposes of the Act are to: (1) establish an Office of Indian Energy Policy and Programs to coordinate federal energy policy, research and programs concerning Indian tribes and related entities, and (2) establish Indian energy grant programs.

Section 4. Comprehensive Indian Energy Program

This section would add a new section 2607 to the Energy Policy Act of 1992.

Subsection (a) of the added section defines "Director" to mean the Director of the Office of Indian Energy Policy and Programs, which is established by section 5 of this Act and defines " Indian land."

Subsection (b)(1) would require the Director to establish programs to assist Indian tribes to meet their energy needs in the areas of education, research and development, planning, and management. While this subsection would mandate that the energy programs focus on education, research and development, planning, and management issues, the primary component of these programs would be the grant component, which is described in further detail in the paragraphs that follow.

Subsection (b)(2) would authorize a competitive grant program for tribal renewable energy programs, programs to increase energy efficiency in tribal buildings, tribal energy development projects, and studies to determine whether it is feasible for tribes to acquire and operate electrical facilities. It also would authorize grants to tribes for the planning, construction, development, and improvement of electrical energy generation, transmission, and distribution facilities and for help in securing power allocations from the Federal Power Administrations and developing tribal power projects, including small scale hydropower projects.

Subsection (b)(3) would allow the Director to develop a formula for distributing grant funds. Indian tribes must be consulted in the development of a grant distribution formula. The Director and the Indian tribes may choose to look at the amount of Indian land owned by Indian tribes, the number of households on this land, and the number of households that either have no or inadequate electricity service.

Subsection (b)(4) would provide that in making a grant for planning, construction, development, and improvement of electrical energy generation, transmission, and distribution facilities that special consideration be given to tribes that do not have adequate current electrical service.

Subsection (b)(5) would authorize appropriations of the sums necessary to carry out the purposes of the Act.

Subsection (c)(1) would extend the preference authorized by the Buy Indian Act to all agencies and departments in purchasing or selling energy products and by-products which are produced, converted or transferred on Indian lands. The types of energy products or by-products that would be covered by this provision include, but are not limited to, electricity, oil, gas, and coal. The preference would cover expressly energy and resource production businesses which are at least majority owned and controlled by Indians or tribal governments and their tribal enterprises.

Subsection (c)(2) would prohibit agencies and departments from paying more than the prevailing market price for energy products and by-products when using the authority granted under subsection (c)(1).

Subsection (d) would makes it clear that this section does not limit the discretion vested in an Administrator of a federal Power Administration to market and allocate federal power. The section also would not alter federal laws under which a Federal Power Administration markets, allocates, or purchases power.

Section 5. Office of Indian Energy Policy and Programs

This section would add a new section 217 to the Department of Energy Organization Act to establish a new Office of Indian Energy Policy and Programs, which would be headed by a Director. The Director of this new Office would be appointed by the Secretary, and compensated at level IV of the Executive Schedule. This section also would assign the Director the duty of establishing a program to help tribes plan their energy needs and usage in a way that promotes tribal energy efficiency, modernizes tribal infrastructure, promotes tribal sovereignty, lowers energy costs, and electrifies tribal homes.

Section 6. Conforming Amendments

This section would make several conforming amendments, including amending the Energy Policy Act of 1992 to enable the Office of Indian Energy Policy and Programs to continue the demonstration programming activities authorized under the 1992 Act.

the PENTECOSTALS

of ALEXANDRIA

8-8-00

NH
If un take
a delegation
I'd like for him
to go —
BR

cc: Bob Bradtke / Karen
7/26 Sue
7/26 Mara
or comment
for
J. Pres.

copied
NSC WW Desk
Street
Podesta

July 24, 2000

The Honorable William Jefferson Clinton
President of the United States
The White House
Washington, DC 20502

Dear Mr. President:

Hot summer greetings from the Mangun family!

It was such a delight to see you this past Easter season. We sincerely hope you enjoyed your visit to Alexandria. You blessed our community and our church by your attendance to ***Messiah 2000***. We will always be grateful. Gentry and I will never forget the golf game.

I have heard you may be traveling to Africa in the next month, and I would appreciate being able to go with you. Our United Pentecostal Church constituency appointed me to the Africa Dream Team four years ago. Though we have realized much success, we still have ~~a long way to go to~~ obtain our dreams. The Pentecostals of Alexandria sponsor every United Pentecostal Church missionary to Africa, and I personally have an immense love for their people and desire to see God's hand at work on that continent.

f

This opportunity could enhance my vision and it would be very rewarding to share this experience with you.

If it is possible for me to accompany you on this trip I would be very honored. I look forward to speaking with you soon.

Sincerely,

Anthony Mangun

Anthony Mangun

Jam yr!

Anthony Mangun

G. A. Mangun

Ernest Huber

Terry Shock

P.O. Box 8838 Alexandria, LA 71306 318.487.8976 Fax 318.445.5406 www.thepentecostals.org

8-8-00

THE WHITE HOUSE

WASHINGTON

Joe - Communication [illegible]

August 4, 2000

MEMORANDUM TO THE PRESIDENT

FROM: **JOE LOCKHART**

SUBJECT: **CONVENTION INTERVIEWS**

Copied
Lockhart
Streett
Podesta

Following please find a list of interviews I would recommend for this year's Democratic Convention. I suggest that you tape an interview with each of the three major network morning shows on the Saturday prior to the Convention, all to air the morning of your Convention speech. In addition, I would suggest that you tape interviews for CNN and the Web White & Blue 2000 Network and grant one print interview to the *Los Angeles Times*.

Los Angeles Times

We received a request from Doyle McManus and Ron Brownstein for an interview to be used for publication on Monday, August 14th. They plan to publish a front-page story on the Clinton legacy, focusing on how your tenure has changed our national politics and the Democratic Party. We would like to combine this request with another from the *Los Angeles Times* to interview you for a major profile on the Vice President. We would recommend this interview for Friday, August 11th, aboard Air Force One en route to Los Angeles. (20-minute brief; 45-minute interview)

__✓__ Yes ________ No

One 30-minute brief could be used to prepare for the following five interviews:

ABC/Good Morning America

This 10-minute, taped interview with Charles Gibson would air Monday morning, August 14th.

__✓__ Yes ________ No

CBS/Early Show

This 10-minute, taped interview with Bryant Gumbel would air Monday morning, August 14th.

__✓__ Yes ________ No

8-8-00

NBC/Today Show
This 10-minute, taped interview with Matt Lauer would air Monday morning, August 14th. It would focus on your legacy and your thoughts on the strength of this country as we approach a new election.

___✓___ Yes ________ No

John King, CNN
King has had a long-standing request to interview you, and we would like to grant this 20-minute interview at the Convention, where King will be doing live coverage.

___✓___ Yes ________ No

Web White & Blue 2000
Web White & Blue 2000 has created a network comprised of 17 of the largest Internet traffic centers (including AOL, MSN, Yahoo!, MTV as well as a number of on-line news sites). Web White & Blue 2000 is proposing an interview with you consisting of questions gathered from the on-line political chats of these 17 sites. This would be an excellent opportunity for you to interact with the Internet audience, while reaching the widest possible number of Internet users in one interview.

___✓___ Yes ________ No

Sandy
Put in good pile
Thanks

8-8-00

Attn: Miriam Sapiro URG

EDITORIALS/OPINION

→ Potus

Forward With the Democrats of Southeast Europe

By Bill Clinton and Gerhard Schröder

WASHINGTON — A year ago we were among leaders from more than 40 nations in Sarajevo to launch a first-of-its-kind partnership between Southeast European countries and the international community, making good on a promise we had made at a U.S.-EU summit in Bonn a month earlier.

The war in Kosovo had just ended and more than a million refugees were headed home. We lauded the success of NATO's stand against ethnic cleansing, but we all recognized that Europe and the United States needed to stay united and firm to win the peace. We were all haunted by a vision of a 21st century Europe with a permanent zone of instability at its heart.

In Sarajevo we launched the "Stability Pact" with a common understanding that an undivided, democratic and peaceful Europe will be possible only when all the democracies of Southeast Europe take their rightful place in the family of European nations.

We agreed that this goal cannot be achieved piecemeal, one province, one nation, one crisis at a time. Nor can it be a race in which the most prosperous nations compete to "escape" from the Balkans at the expense of their neighbors. And it requires a united international community, with Europe, America and Russia working together.

We made clear that the nations of Southeast Europe had to undertake reforms to attract outside investment — and they had to work together to promote security, fight corruption and cut cross-border crime. In turn, we pledged to shoulder responsibility with them. And we have.

Last March the international community came together to underwrite the Stability Pact's efforts, led by coordinator Bodo Hombach, with $2.3 billion in pledges for more than 200 "quick start" projects to bolster economic development, democracy and security. European nations, appropriately, are taking the lead in this effort together with the international financial institutions, pledging more than 85 percent of assistance to the region.

For its part, Germany will donate 1.2 billion Deutsche marks over the next few years to support a variety of projects ranging from independent media in Serbia to a regional verification center for arms control in Croatia to water projects in Montenegro.

The United States has pledged support for more than 50 of the quick start projects. This week the United States and the European Bank for Reconstruction and Development came together to announce the creation of a new $150 million trust fund to promote small and medium businesses across Southeast Europe. In addition, the U.S. Overseas Private Investment Corporation launched a new $150 million equity fund to invest in telecommunications, consumer goods and other sectors across the region.

The impact of these and other international efforts already is being felt in the region. In Bosnia, disputes are settled at the ballot box, refugee returns are rising and people are more focused on building roads and bridges to the rest of Europe than on building walls between neighbors.

In Kosovo, while the goal of coexistence remains a difficult task, people are preparing for the first democratic local elections in their history. Croatia is moving forward to democracy.

Across the region from Romania to Bulgaria to Macedonia to Albania, economies are expected to recover from negative growth in 1999 to more than 3 percent positive growth this year, with inflation down.

With support from the Stability Pact, several major infrastructure projects are under way, including improvements to the main border crossing between Macedonia and Kosovo and major roadwork in Albania.

Efforts have begun to improve training for local police, remove land mines throughout the region and use children's textbooks and television to break down ethnic stereotypes.

Perhaps most important, regional leaders are talking to each other and working together. Last year they concluded border treaties, trade agreements and cooperative ventures. In one case of practical and symbolic significance, Romania and Bulgaria have agreed to build a new bridge across the Danube to connect their countries.

To truly succeed, the region needs a unifying magnet powerful enough to overcome the pull of old hatreds. That magnet is the realistic chance of achieving prosperity and membership in European and trans-Atlantic institutions. The only effective answer to yesterday's calls for a "greater Serbia" and a "greater Albania" is to continue to build a greater Europe.

In the past year the European Union has opened accession negotiations with Romania and Bulgaria and established a stabilization and association process for regional countries not yet ready for accession. We look forward to ties between the EU and the region deepening under President Jacques Chirac's leadership during France's EU presidency.

The World Trade Organization has approved the accession of Albania and Croatia and is considering Macedonia and Bosnia. Croatia has joined NATO's Euro-Atlantic Partnership Council and Partnership for Peace programs. We have made clear that NATO's door remains open to new members.

A year after Sarajevo the results are encouraging, but the last aggressive dictatorship in Europe remains a threat to peace. In his effort to cling to power, Slobodan Milosevic has launched an assault against Yugoslavia's constitution and tried to undermine the democratic development of Montenegro.

Last week in Okinawa we joined our colleagues in the Group of Eight, including Russian President Vladimir Putin, to express our grave concern about these actions and warn against any steps that would contribute to the further escalation of violence. We agree with the democratic forces in Serbia and Montenegro that elections must fulfill minimum standards of democracy and the rule of law.

We will continue to work with the democratic opposition in Serbia, to help it unite around a common platform, to support nongovernmental organizations and the independent media, and to back President Milo Djukanovic of Montenegro until all those who have suffered under Mr. Milosevic's rule can take their place in Europe.

We have no illusions about the hard work that remains, but the progress made thus far gives us confidence that it can be completed. Together we can do for Southeast Europe what was done for Western Europe after World War II and Central Europe after the collapse of communism: integrate it into a democratic, undivided Europe in which the prospect of yet another terrible war is unthinkable.

President Clinton and Chancellor Schröder contributed this comment to the International Herald Tribune.

... the Progress and Maintain the Peace Process Alive

copied
Berger
NSC WW Desk
Podesta

WILLIAM J. JEFFERSON
SECOND DISTRICT, LOUISIANA

WASHINGTON OFFICE:
240 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–1802
(202) 225–6636

LIONEL R. COLLINS, JR.
CHIEF OF STAFF

DISTRICT OFFICE:
1012 HALE BOGGS FEDERAL BUILDING
601 MAGAZINE STREET
NEW ORLEANS, LA 70130
(504) 589–2274

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515–1802

COMMITTEES:
WAYS AND MEAI
SUBCOMMITTEES:
TRADE
HUMAN RESOURCES
DEMOCRATIC STEERIN
POLICY COMMITT
WHIP AT-LARGE

OFFICE OF
CONGRESSMAN WILLIAM J. JEFFERSON

240 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-6636
(202) 226-3342

TO: BETTY CURRIE

'00 AUG 8 AM9:44

FAX: 456-1210

FROM: CONG. JEFFERSON

FAX:

NUMBER OF PAGES: 4 Pgs

8-8-00

MESSAGE:

Send to Counsel?
Yes ✓
No ____

cc. Leg Afrs?
Yes ✓
No ____

cul

BOBBY L. RUSH
1ST DISTRICT
ILLINOIS

COMMERCE COMMITTEE
SUBCOMMITTEES:
TELECOMMUNICATIONS, TRADE, AND CONSUMER PROTECTION
ENERGY AND POWER
FINANCE AND HAZARDOUS MATERIALS

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

July 19, 2000

The Honorable William Jefferson Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

This letter is to request an Executive Pardon for former Congressman Mel Reynolds.

Mr Reynolds has been jailed for approximately three years, and is scheduled for release in March, 2003. While the former Congressman has committed offenses of a serious nature, he poses absolutely no threat to society. This is, in part, evidenced by the fact that he has been granted a low security out-placement custody status, and as a result, has been transferred from the Federal prison grounds to a minimum security camp facility.

By all accounts, Mr. Reynolds has spent significantly more time in prison than individuals convicted of similar, and/or even more serious offenses. Moreover, he has not been granted the opportunity to be integrated back into society through transfer to a Community Corrections Facility. This program would have enabled Mr. Reynolds to earn money in support of his wife and three young children, who during this ordeal, have suffered great emotional and financial hardship.

Not only has Mr. Reynolds' family been evicted, but his children have had to endure the pain of seeing their mother suffer from debilitating physical illness, which includes occasional bouts with an irregular heartbeat. All of this has been compounded by the fact that subsequent to their eviction Mr. Reynolds' children suffered documented abuse at the hands of a close family associate.

The Chicago City Council Committee on Human Rights has passed a resolution, which requests that you extend compassion to Mr. Reynolds, and his family in this case. It should be noted Mr. President, that this resolution is expected to be enacted by the full City Council.

Although Mr. Reynolds has violated the law, he has assumed full responsibility for his actions. Mr. Reynolds is someone, who prior to his conviction, dedicated his life to public service. He should be afforded the same opportunity for freedom as any other member of society.

WASHINGTON OFFICE:
2416 RAYBURN HOB
WASHINGTON, D.C. 20515-1301
(202) 225-4372

CITY OFFICE:
655 E. 79TH STREET
CHICAGO, IL 60619-3038
(773) 224-6500

SUBURBAN OFFICE:
8730 S. WESTERN AVENUE
SUITE 237
EVERGREEN PARK, IL 60805-2814
(708) 422-4055

The Honorable William Jefferson Clinton
page 2

It is our sincere hope that in reviewing Mr. Reynolds' case, you consider the outpouring of support from various religious, and civic leaders, as well as the compelling facts and circumstances surrounding his prolonged incarceration.

Thank you for your time and consideration in this matter.

Sincerely,

ORGANIZATION OF AMERICAN STATES

WASHINGTON, D.C.

THE SECRETARY GENERAL

July 13, 2000

Dear Mr. President:

It is an honor to write to you to thank you for your efforts in advancing the H.R. 106-710 which provides Colombia with $1.3 billion in aid for fighting drug trafficking in the region. Certainly, this bill, which provides Colombia with the necessary assistance, will not only help in reducing drug trafficking in the Hemisphere, but also promote greater peace and security throughout the region.

On behalf of the Organization of American States and myself, I would like to assure you, Mr. President, of our continued support for prospering security in the Hemisphere. I look forward to the opportunity of working, through the existing ties of the Organization and the governments involved, with all delegations party to this agreement to further promote and strengthen the initiatives stipulated by this Legislation.

Please accept, Mr. President, the renewed assurances of my highest consideration.

César Gaviria

8-8-00

Send to ~~Burkhardt~~ NSC?

Yes ✓

No ______

His Excellency
William Jefferson Clinton
President of the United States
of America
1600 Pennsylvania Ave., NW
Washington, DC 20500

'00 AUG 8 AM 11:13

July 25, 2000

President Bill Clinton
1600 Pennsylvania Avenue
Washington, D.C. 20500-2000

Dear President Clinton:

The House and Senate have recently passed a bill which would phase out and ultimately eliminate the Federal Estate Tax. The news media has heavily reported that it is your intention to veto this bill due to its impact on our budget.

Our budget surpluses are continuing to grow and even after the bill was passed have been revised upward substantially. The strong economy we have enjoyed during your administration not only has fueled government revenues but has also pushed far more families into an estate tax liability.

This tax has never been perceived by the public as fair since it taxes assets which have been accumulated by families after paying numerous federal, state and local taxes during their lifetime. It hits especially hard on small businesses and family farmers such as we have in Arkansas. I would like to strongly urge you to reconsider your position and sign this legislation.

Sincerely,

John B. Frazer, Jr.
Chairman of the Board

JBF/ms

8·8·00

Send to Burkhardt?
Yes ✓
No ____

Carl

Warr
& Trust Company

P.O. Box 350 · Warren, Arkansas 71671 · 870-226-2621

7-10-00

To Eugenia ✓

Has this issue come up before?

cc: Burkhardt

Ute
MOELLER

'00 JUL 10 PM1:01

30 June 00

Dear Mr President.

Ute Moeller is too shy to ask you directly but she would greatly appreciate a letter from you, acknowledging her work as your make-up artist.

I told her you would do if she just asked but she is simply too polite.

thanks in advance.

Sincerely

Jim McDermott

1712 Seaton Street, N.W. • Washington, DC 20009 • TEL (202) 667-8985 • FAX (202) 667-8987 • PAGER (703) 514-0373

8-8-00

How do you want to handle?
She might try Nanda or Julia Payne too
I agree we should check w/ someone before writing. Jake?

Carl

Eugenie Bisulco

07/24/2000 03:03:32 PM

Record Type: Record

To: Jennifer M. Palmieri/WHO/EOP@EOP

cc:
Subject:

Hi. I called you last week and wanted to tell you what it's regarding. regarding a letter the President received from Jim McDermott on Ute [illegible]. He says that Ute is "too shy to ask" for a letter of appreciation from POTUS for her work as his make-up artist, so he's asking on her behalf. Do you know who she is, and if so, would you recommend we do a letter? Also, has this issue come up before, to your knowledge?

8/7/00
Justin / Lisel

Betty didn't know Ute and suggested I call Jen Palmieri, whom I've not heard back from. I'd be happy to do a little note — but who is she, and how often does she do the President's make up? I dont know who else to ask.

Please advise.

EB

8-8-00

Send to Burkhardt?

Yes ______

No ______

COLLIER FARM

P. O. BOX 539
AUGUSTA, ARKANSAS
72006

August 4, 2000

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

Dear President Clinton:

Thank you for all your concern regarding my health. Your letters are appreciated and I always look forward to hearing from you.

As you know my son, Steven Collier, is the Medical Director for White River Rural Health Center, Inc., (Community Health Center), here in Augusta. They have twelve clinic sites located North Central and Northeast Arkansas. It was brought to my attention that White River Rural Health has submitted a grant for the "Community Access Program". This Grant was submitted to the Health Resource and Services Administration (HRSA) Bureau of Primary Health Care (BPHC) on May 30, 2000 with Grant Awards to be announced in September of this year.

White River Rural Health Center located here in Augusta is the Lead Agency, which Ray M. Cockrill is the Executive Director and my son Steve is the Medical Director. The other partners in the application are North Arkansas Human Services System out of Batesville, Baptist Health Medical Center in Heber Springs and Boston Mountain Rural Health Center headquartered in Marshall.

The area covered by this Grant is Woodruff, White, Cleburne and Van Buren Counties. When funded White River Rural Health would establish a new clinic in Heber Springs and the underserved and uninsured population would be able to access care through a single registration system that would connect all providers to a uniform management information system.

As you are aware this grant will provide services to a target population of 54,737 who are uninsured and living well below the poverty level.

I would appreciate your assistance in assuring that this application is funded. I am enclosing a copy of the Grant Application for your review.

Thanks again for your assistance in this matter. Please contact Mr. Cockrill or me if you have any questions.

I remain,

Franklin Collier

Franklin Collier

FC:jm

Enclosure

"DELTA HILLS COMMUNITY ACCESS PROGRAM"

Submitted To:

HRSA Grants Application Center
1815 North Fort Meyer Drive
Suite 300
Arlington, VA 22209

Submitted By:

WHITE RIVER RURAL HEALTH CENTER, INC. (Lead Agency)
P.O. BOX 497
AUGUSTA, ARKANSAS 72006

NORTH ARKANSAS HUMAN SERVICES SYSTEM, INC.
P.O. BOX 2578
BATESVILLE, ARKANSAS 72503

BAPTIST HEALTH MEDICAL CENTER – HEBER SPRINGS
2319 HIGHWAY 110 WEST
HEBER SPRINGS, ARKANSAS 72543

BOSTON MOUNTAIN RURAL HEALTH CENTER, INC.
P.O. BOX 1036
MARSHALL, ARKANSAS 72650

8-8-00

copied
Podesta
Ricchetti

August 4, 2000

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
JASON FURMAN

Subject: Likely Consequences of Potential Republican Budget Plans

This memo responds to your request to understand how the policies being considered in Congress this year, combined with policies that could potentially be considered next year, would impact the budget and the economy over the next decade. It is not possible to evaluate and make decisions about the tax cuts being passed by the Republican Congress without understanding their long-run consequences and interaction with policies that might be considered next year.

I – OVERVIEW

A. Framework for the Analysis

The effect of Governor Bush's tax and budget plans on the on-budget surplus, investments in domestic priorities, and debt reduction, can be analyzed from three perspectives:

(1) Explicit Proposals. The most generous perspective to Governor Bush is to only count the proposals that he has explicitly made. These costs are largely uncontroversial in that only one proposal – missile defense – comes without an explicit cost estimate from the Bush campaign. To make these calculations we have used a conservative cost estimate of $200 billion over 9 years. Even these explicit proposals would be enough to create a substantial on-budget deficit and leave multi-trillion dollar debts.

(2) Reasonable Accounting of a Full Budget.

(A) Explicit Proposals With Explicit Congressional Republican Tax Cuts. Governor Bush has given every indication that he would support Congressional proposals on marriage penalty, Social Security benefit taxation, and prescription drugs that go beyond his own explicit proposals. Simply adding the non-duplicative tax cuts passed by the Republican Congress this year would add at least $456 billion to his tax cut (or $571 billion with added interest). This brings the total 9-year cost of the tax cuts to $1.777 trillion, or $2.140 trillion with interest. (This estimate does not include the tax cuts that were passed by the Republican Congress in 1999; that could add more than $200 billion more to the cost.)

(B) Explicit Proposals With Minimal Alternative Minimum Tax (AMT) Fix. Bush's tax cut, as proposed, is a sham for millions of Americans because they would have their promised tax cut curtailed and even eliminated by the AMT. In addition, millions of families would have their tax preparation greatly complicated by the AMT. To even do a minimal fix for this would increase the cost of Governor Bush's tax proposal by more than $200 billion. Together with the tax cuts passed by Congress in 2000, that brings the total 9-year tax cut to $1.986 trillion, or $2.384 trillion with interest.

(C) Prescription Drugs. Governor Bush has clearly stated his support for helping lower-income seniors pay for prescription drugs or for a Breaux-Frist private insurance plan that is similar to the bill passed by the House. A responsible budget projection would include the cost of the House prescription drug plan, $155 billion over 10 years according to Congressional Budget Office (CBO) estimates. Our estimate of a reasonable accounting is conservative because it assumes that Governor Bush devotes no resources to a prescription drug benefit, no resources for needed provider restorations in Medicare, and no resources to extend the solvency of Medicare.

(D) Other Potential Expenditures. In addition, many budget experts have argued that the current budget baseline is not a realistic estimate of the available surplus because it assumes the expiration of many popular tax provisions, it assumes that millions of additional taxpayers will be thrown on the AMT, does not extend recent farm payments, and may provide unrealistically low growth in discretionary spending. These costs are not included in this analysis. To the degree that the Bush budget is already in deficit, these issues would make his problems even worse.

(3) On-budget Cost of Social Security Individual Accounts. The fiscal irresponsibility of Governor Bush's budget can be clearly documented without assuming any general revenues will be used to pay for Social Security individual accounts in the first 10 years. Governor Bush's plan to divert Social Security payroll taxes, by itself, would accelerate the insolvency of Social Security to 2023 or require cuts in guaranteed benefits that grow to 54 percent. To avoid either of these outcomes, Governor Bush would need to make substantial general revenue transfers that could further reduce the on-budget surplus or increase the on-budget deficit. This memo closes by describing the different ways that the Bush plan can be critiqued in terms of on-budget deficits, percentage cuts in benefits, and Social Security solvency. Regardless of the precise transfer policy Social Security individual accounts would divert over $1 trillion from debt reduction over the next decade.

B. Main Findings of the Analysis

The main findings of the analysis are:

(1) **Explicit proposals lead to $400 billion to $800 billion deficits.** Bush's explicit proposals alone create a nearly $400 billion on-budget deficit on CBO assumptions and nearly $800 billion on-budget deficit on OMB projections.

(2) **Likely Bush budget leads to $1.2 trillion to $1.6 trillion deficits.** Bush's likely proposals (including the Congressional Republican tax cuts passed this year and the minimal AMT fix) create a $1.2 trillion on-budget deficit under CBO assumptions and a $1.6 trillion on-budget deficit under OMB assumptions.

(3) **Bush would require non-defense discretionary spending cuts of 37 to 48 percent to balance the budget.** Dramatic cuts to domestic and international spending (non-defense discretionary spending) would be required to erase these deficits. Under Governor Bush's explicit proposals, the cuts would be as much as 16 percent under CBO assumptions and 26 percent under OMB assumptions. Under Governor Bush's likely proposals, the required cuts would be 37 percent under CBO assumptions and 48 percent under OMB assumptions.

(4) **Bush's likely budget would keep America $3 trillion in debt.** If these deep cuts in domestic spending are not made, then under Governor Bush's likely proposals, would spend virtually the entire unified surplus. As a result, debt held by the public would never fall below $2.9 trillion – rising to $3.1 trillion in 2010 and $3.3 trillion in 2012 under CBO assumptions. Under OMB assumptions the debt would rise. Even accounting only for Governor Bush's explicit budget proposals, the debt held by the public would be $2.3 trillion in 2010 under the more optimistic CBO assumptions compared to $0.5 trillion in 2010 under Vice President Gore's proposals.

(5) **Bush's budget is in deficit every year after 2003.** With just Governor Bush's explicit proposals there are on-budget deficits in each and every year starting in 2003; this is true on CBO or OMB assumptions. With the likely proposals, unified deficits emerge by 2007, with rising deficits and debt thereafter. Under Governor Bush's likely proposals, America would be back to on-budget deficits exceeding $200 billion by the end of the decade.

C. Summary Table

OVERVIEW OF BUSH TAX AND SPENDING PLANS ($billions)	CBO		OMB	
	2002-06	2002-10	2002-06	2002-10
On-budget Surplus*	**615**	**1,743**	**449**	**1,421**
Explicit Proposals				
Bush Tax Cut	460	1,321	460	1,321
Bush Health and Spending Proposals	229	452	229	452
Interest	74	363	87	431
Total Cost, with Interest	*763*	*2,135*	*776*	*2,204*
Resulting On-budget Surplus	**-148**	**-392**	**-327**	**-783**
Likely Proposals				
Added Congressional Tax Cuts	214	456	214	456
Minimal AMT Fix	51	210	51	210
Interest	37	149	43	177
Total Cost, with Interest	*301*	*815*	*308*	*843*
Resulting On-budget Surplus	**-450**	**-1,207**	**-634**	**-1,626**

* Non-Social Security, non-Medicare surplus. The 10-year surplus (2001-10) on this basis is $1.813 trillion on CBO and $1.470 trillion on OMB.

II – ANALYSIS OF GOVERNOR BUSH'S EXPLICIT PROPOSALS: $400 BILLION TO $800 BILLION DEFICITS

The Bush campaign has released 5-year cost estimates for its proposals covering 2002-06, the five year budget period of the next President. These include $460 billion of tax cuts (scoring was done by Congress' Joint Committee on Taxation), $50 billion for health proposals (mostly tax cuts to help pay for health insurance and long-term care), $25 billion for defense, and $42 billion for a variety of domestic programs. These numbers underfund the promises that Governor Bush has made on the campaign trail, especially in defense, but they are accepted for the purpose of this analysis.

Governor Bush has also proposed a substantial investment in missile defense without providing a cost estimate. The Bush campaign has said that a cost estimate would need to wait until after he was elected and was able to work with the Pentagon on developing a specific proposal. Governor Bush, however, has stated his support for a missile defense system that would be nationwide, involve space-based interception, and coordinated interception at every stage from missile launch to re-entry. A conservative estimate of the cost of this program is $200 billion over 9 years. This number is consistent with the estimates of numerous independent analysts that have been quoted in the media. The *New York Times* (6/30/00), for instance, wrote that the Governor Bush's missile defense proposals would cost "hundreds of billions of dollars."

The Bush campaign sometimes presents the cost of his plans from 2002-10, which they describes as the "10 year" cost even though it only covers 9 years. His tax cut, for instance, begins in 2002 and costs $1.3 trillion from 2002-10, or $1.6 trillion with interest loss. Since the tax cut costs $233 billion in 2010 alone, adding another year would bring the 10-year cost (2002-11) to about $1.6 trillion, or $1.9 trillion with interest loss. In order to maintain maximum consistency with the Bush campaign and numbers that are generally reported in the press, this memo examines two periods: the 5 years from 2002-06 and the 9 years from 2002-10.[1] The analysis is consistent in comparing cost estimates for that period to surplus projections for that period.

This analysis also assumes that the on-budget surplus excludes the Social Security and Medicare surpluses. The Vice President proposed and you endorsed the idea of taking Medicare surpluses off-budget. Virtually every member of the House and Senate has voted for Medicare lockboxes that include the principle that the Medicare surplus should be used for debt reduction and not be used to pay for tax cuts or spending increases. Governor Bush has not yet endorsed this principle. The statement that Governor Bush's proposals would spend, at least, hundreds of billions of the Medicare and Social Security surpluses would be unaffected by Governor Bush's position on this issue.

[1] The only 9-year number released by the Bush campaign is the JCT scoring of his tax cuts. The other 9-year cost estimates in this memo are based on uncontroversial and even conservative assumptions, like the assumption of no nominal growth in discretionary investments. For Governor Bush's health proposals the 9-year cost is based on a compilation of JCT and independent scoring of the different provisions.

The following table shows the cost and budget consequences of the explicit proposals that Governor Bush has made:

GOVERNOR BUSH'S EXPLICIT BUDGET PROPOSALS
($billions)

	CBO		OMB	
	2002-06	**2002-10**	**2002-06**	**2002-10**
On-budget Surplus	**615**	**1,743**	**449**	**1,421**
Tax Cut	460	1,321	460	1,321
Medicare Prescription Drugs	0	0	0	0
Health and Long-term Care	50	131	50	131
Defense	25	45	25	45
Missile Defense*	111	200	111	200
Education	14	26	14	26
Compassion / charity	13	23	13	23
Agriculture	4	8	4	8
Housing / IDAs	4	7	4	7
Environment	3	5	3	5
Crime	0	1	0	1
Gun Safety	1	1	1	1
Disabilities	2	3	2	3
Other Domestic Spending	2	4	2	4
Interest**	74	363	87	431
Total Cost, with Interest	*763*	*2,135*	*776*	*2,204*
Resulting On-budget Surplus	**-148**	**-392**	**-327**	**-783**
Memorandum: Required Cut in Domestic and International Spending Required to Balance				
Total Cut	-159	-340	-298	-619
Maximum Annual Cut Relative to FY2000	-16%		-26%	

* Estimate based on campaign description.
** OMB and CBO project different interest rates and thus the debt services costs differ on the two baselines.

Appendix Tables 2 and 3 show that there are on-budget deficits in each and every year beginning in 2003.

The 2002-10 deficit could be avoided by cutting non-defense discretionary spending by $340 billion from 2002-10. This would result in a maximum annual cut of 16 percent in all domestic and international programs relative to FY2000 level of spending adjusted for inflation. If some priority programs, like education, were protected the cuts in other programs would be even larger.

Under OMB assumptions, the deficit would be $783 billion from 2002-10. Closing this gap would require a $619 billion reduction in non-defense discretionary spending – or a maximum cut of 26 percent below inflation.

III – ANALYSIS OF GOVERNOR BUSH'S LIKELY PROPOSALS: $1.2 TRILLION TO $1.6 TRILLION DEFICITS

In addition to Governor Bush's explicit and uncontroversial proposals, there are several likely proposals that would add substantially to the deficit in his tax and budget plans. This analysis specifically examines the impact of two of these: the tax cuts passed by the Republican Congress this year and the minimal fix to the Alternative Minimum Tax (AMT) problems that are greatly exacerbated by Governor Bush's proposed rate reductions. In addition, the deficit could rise still further if the cost of prescription drugs for seniors or other likely expenditures are taken into account.

A. Why Congressional Republican Tax Cuts Add $600 Billion of Deficits Under the Bush Plan

Governor Bush has proposed a tax cut that would cost $1.3 trillion over the 9 years. This year the Congress has passed tax cuts costing over $700 billion. You cannot simply add these two tax cuts together to find the combined cost because they include several common elements, like estate tax repeal and increasing the standard deduction / exemption for married couples. Therefore, we have calculated the amount of Republican Congressional tax cuts that go beyond – are in addition to – the Bush campaign tax cuts. The additional cost of such tax cuts come to $456 billion in 2002-10, which after accounting for debt service increases the drain on the surplus by $571 billion.[2] This brings the total 9-year cost of the tax cuts to $1.777 trillion, or $2.140 trillion with interest. This combination of tax cuts, without even including Governor Bush's other health or spending proposals, would substantially exceed the on-budget surplus.[3] These additional tax cuts, presented in more detail in Appendix Table 1, are the following:

- Increasing the width of the 15 percent bracket for married couples ($160 billion)
- EITC marriage penalty ($13 billion)
- Social Security benefit taxation ($117 billion)
- Pension / IRA limit increases ($52 billion)
- Telecommunications excise tax ($51 billion)
- Small business tax cuts ($27 billion)
- Affordable education ($21 billion)
- Taxpayer Bill of Rights ($7 billion)
- New Markets / Community Renewal ($20 billion)

[2] Note this estimate is conservative – it excludes the *full* cost of some provisions passed by Congress, like AMT personal credits and the tax cuts in Patients Bill of Rights – even though these only partially overlap with Governor Bush's proposals.

[3] Note that the $2.1 trillion cost of the combination of the tax cuts passed by Congress this year and Bush tax cuts does not include tax cuts passed by the 106th Congress in 1999, like capital gains tax reductions and the repeal of the individual AMT. Together these would add at least another $224 billion to the cost of Governor Bush's tax cut, bringing the total drain on the surplus (including interest) to at least $2.4 trillion.

Governor Bush and his surrogates have already been very supportive of some of the Congressional policies; Governor Bush himself explicitly criticized Vice President Gore for his position on partial repeal of Social Security benefit taxation, even though this proposal is not in Governor Bush's $1.3 trillion tax cut.

Looking at it from the other side, Governor Bush's tax cuts would add over $1 trillion to the cost to the tax cuts passed by the Republican Congress. The main additions Governor Bush has proposed to the Congressional tax cuts are:

- Rate reduction ($727 billion)
- Child tax credit ($162 billion)
- Non-itemizers charitable deduction and other charity proposals ($80 billion)
- Permanent Research and Experimentation ($24 billion)

Notice that comparing the tax cuts passed by Congress this year and proposed by Governor Bush strongly supports OMB's analysis that the 106th Congress has spent the entire surplus. OMB's statement is based on the $1.8 trillion cost, with interest, of the tax cuts passed by the 106th Congress. Some have argued that this unfairly includes the tax cuts passed by Congress in 1999. But larger versions of many of these are in Bush's tax cut. For instance, the OMB analysis assumed $490 billion of rate reductions (from the H.R. 2488 as passed by the House in 1999), which is substantially less than the $727 billion of rate reductions proposed by Governor Bush.

B. Why a Minimal AMT Fix Adds At Least Another $250 Billion to Bush Budget Costs

Since the AMT is not indexed, and implicitly treats children as a tax shelter, it will affect an increasing number of middle-class families over the next decade, going from 1.3 million families today to 17 million by 2010 according to Treasury estimates. Bob Greenstein and others have argued that the cost of addressing this problem, $80 billion over 10 years, should be subtracted from realistic estimates of the available surplus.

Not only does Governor Bush not address this problem, he makes it substantially worse. Past tax changes have generally moved income tax rates and AMT rates in line with each other. Governor Bush, however, lowers income tax rates without lowering AMT rates. As a result, in 2010 most of the 17 million families already projected to be on the AMT will not see their taxes go down from Bush's proposed *rate* reductions (although they could see small benefits from other proposed tax cuts). Furthermore, millions more families will be pushed onto the AMT. This will substantially complicate their tax filing and offset much of the tax cut provided by the rate reductions.

It stretches credibility to believe that Bush's tax cuts would be implemented in a way that would substantially complicate tax filing for millions of families while not providing a rate reduction for most of the 17 million families on the AMT in 2010. Bush economic adviser Lawrence Lindsey has acknowledged this problem and indicated that they would like to fix it, but has said it would cost too much to do so given the current budget projections.[4] Just lowering

[4] Lawrence Lindsey in *Tax Notes* 1/24/00.

AMT rates in line with income tax rates, but not fixing the existing AMT problem, would add another $210 billion to the cost of Governor Bush's tax cuts, or $244 billion with interest.[5] Together with the tax cuts passed by Congress in 2000, that brings the total 9-year tax cut to $1.986 trillion, or $2.384 trillion with interest.

Adding Bush's explicit budget proposals to the tax cuts passed this year and the minimal AMT fix results in his raiding the Social Security and Medicare surpluses by $1.2 trillion to $1.6 trillion:

GOVERNOR BUSH'S LIKELY BUDGET PROPOSALS
($billions, not including potential Social Security transfers)

	CBO		OMB	
	2002-06	**2002-10**	**2002-06**	**2002-10**
On-budget Surplus	**615**	**1,743**	**449**	**1,421**
Bush Tax Cut	460	1,321	460	1,321
Bush Health and Spending Proposals	229	452	229	452
Added Congressional Tax Cuts from 2000	214	456	214	456
Minimal AMT Fix	51	210	51	210
Interest	111	512	130	608
Total Cost, with Interest	*1,065*	*2,950*	*1,084*	*3,047*
Resulting On-budget Surplus	**-450**	**-1,207**	**-634**	**-1,626**
Memorandum: Required Cut in Domestic and International Spending Required to Balance				
Total Cut	-410	-1,000	-565	-1,291
Maximum Annual Cut Relative to FY2000	-37%		-48%	

Appendix Tables 4 and 5 show that there are on-budget deficits in each and every year beginning in 2003. Under both OMB and CBO assumptions, America would once again see on-budget deficits in excess of $200 billion by the end of the decade.

The 2002-10 deficit could be avoided by cutting non-defense discretionary spending by $1 trillion from 2002-10. This would result in a maximum annual cut of 37 percent in all domestic and international programs relative to FY2000 level of spending adjusted for inflation. If some priority programs, like education, were protected the cuts in other programs would be even larger.

[5] Citizens for Tax Justice, 5/10/00.

Under Administration assumptions, the deficit would be $1.626 trillion from 2002-10. Closing this gap would require a $1.291 trillion reduction in non-defense discretionary spending – or a maximum annual cut of 48 percent below inflation.

C. Other Likely Expenditures Could Increase the Bush Deficit Still Further

Governor Bush has clearly stated his support for helping lower-income seniors pay for prescription drugs or for a Breaux-Frist private insurance plan that is similar to the bill passed by the House. Bush has indicated that he would pay for this expansion with savings elsewhere. This is extremely unlikely: either Governor Bush will do nothing for seniors in need of prescription drugs or he will have to pay a substantial cost. A responsible budget projection would include the cost of the House prescription drug plan, $155 billion over 10 years according to Congressional Budget Office (CBO) estimates. Even this probably understates the likely cost: according to CBO, less than half of seniors and people with disabilities who lack drug coverage today would purchase this plan.[6] This analysis, however, assumes that Governor Bush devotes no resources to a prescription drug benefit.

Moreover, although Governor Bush has incorrectly criticized Vice President Gore for cuts to Medicare providers (Vice President Gore's budget includes net provider restorations), the Bush budget provides no resources to ensure that providers can deliver quality care. Furthermore, most independent experts agree that solvency transfers should be a part of any plan to substantially extend the solvency of Medicare. This analysis again assumes that Governor Bush does not devote any resources to this purpose.

Many budget experts have argued that the current budget baseline is not a realistic estimate of the available surplus because it assumes the expiration of many popular tax provisions, it assumes that millions of additional taxpayers will be thrown on the AMT, does not extend recent farm payments, and may provide unrealistically low growth in discretionary spending. These costs are not included in this analysis. To the degree that the Bush budget is already in deficit, these issues would make his problems even worse.

Social Security individual accounts are also likely result in even larger on-budget deficits, an issue that is discussed in Section V.

IV – IMPACT ON THE DEBT

Making the reasonable assumption that domestic priorities are funded at the level required to keep pace with inflation, Governor Bush's likely budget plans would spend almost all of the *unified surplus* on CBO assumptions and run a *unified deficit* on OMB assumptions, leaving virtually nothing to pay down the debt held by the public. As a result, the debt held by the public, which is projected to be $3.2 trillion at the end of FY 2001 (the year before Governor Bush's proposals go into effect) would be virtually unchanged under his likely proposals. With the likely proposals, the unified surplus goes into deficit by 2007, with rising deficits and debt thereafter (see Appendix Tables 6 and 7). In 2012, when the America would be debt free under

[6] CBO, 6/28/00.

Vice President Gore's proposals, Governor Bush's likely proposals would drive the debt up to $3.3 trillion on CBO assumptions or $3.9 trillion under OMB assumptions.

Even Governor Bush's explicit proposals alone would spend more than three-quarters of this unified surplus, leaving less than one-quarter of the surplus for debt reduction. As a result, under these explicit proposals the debt at the end of the decade would be $2.3 trillion under CBO assumptions and $2.8 trillion under OMB assumptions. In 2012 the debt would be $2.0 trillion under CBO assumptions or $2.7 trillion under OMB assumptions.

In contrast, Vice President Gore's budget plan would devote nearly two-thirds of the unified surplus to debt reduction, paying the debt down to $0.5 trillion in 2010 under CBO assumptions and $0.9 trillion under OMB assumptions. Under either OMB or CBO assumptions, the Vice President's plan will pay down the debt by 2012.

EFFECT OF GOVERNOR BUSH'S PROPOSALS ON THE DEBT
($billions, 2002-10)

	CBO	OMB
Unified Surplus*	**4,293**	**3,954**
Explicit Proposals		
Bush Tax Cut	1,321	1,321
Interest	249	295
Total Cost, with Interest	*1,569*	*1,616*
Bush Health and Spending Proposals	452	452
Interest	114	136
Total Cost, with Interest	*566*	*588*
2% Individual Accounts	952	952
Interest	239	285
Total Cost, with Interest	*1,191*	*1,237*
Total Cost of Explicit Proposals, with Interest	***3,327***	***3,441***
Unified Surplus for Debt Reduction	967	513
Percent of Surplus for Debt Reduction	23%	13%
Debt Held by the Public in 2010	**$2.3 trillion**	**$2.8 trillion**
Likely Proposals		
Added Congressional Tax Cuts and AMT fix	666	666
Interest	149	177
Total Cost of Likely Proposals, with Interest	*815*	*843*
Total Cost of all Proposals, with Interest	***4,142***	***4,284***
Unified Surplus for Debt Reduction	152	-330
Percent of Surplus for Debt Reduction	4%	-8%
Debt Held by the Public in 2010	**$3.1 trillion**	**$3.65 trillion**
Memorandum: Debt Under Vice President Gore's Plan		
Unified Surplus for Debt Reduction	2,786	2,471
Percent of Surplus for Debt Reduction	65%	62%
Debt Held by the Public in 2010	**$0.5 trillion**	**$0.9 trillion**

* From 2001-10 the unified surplus is $4.561 trillion under CBO assumptions and $4.193 trillion under OMB assumptions.

** Assumes 2 percent accounts starting in 2002.

V – SOCIAL SECURITY INDIVIDUAL ACCOUNTS

This analysis has not addressed the issue of Social Security privatization which would likely result in even larger on-budget deficits.

Governor Bush has not proposed an explicit Social Security policy, but his campaign has indicated that it plans to carve out a portion of the Social Security payroll tax and divert it into individual accounts. Bush aides have acknowledged that these accounts would likely be 2 percent of payroll, or about 16 percent of Social Security payroll tax revenue. This policy would divert $952 billion of payroll taxes from 2002-10, or $1.2 trillion with interest.[7] These costs would be drained from the unified surplus and diverted from debt reduction.

By itself, the $1.2 trillion cost would come out of the off-budget surplus and would reduce the Social Security trust fund. Draining this substantial sum from the Social Security trust fund would accelerate the insolvency of Social Security, making it go insolvent in 2023, instead of 2037 as projected under current law. To avoid this problem, Governor Bush would need to either make deep cuts in guaranteed benefits or transfer significant amounts from the general fund (the on-budget account) to the Social Security trust fund. These transfers (and the associated interest) would reduce the on-budget surplus or increase the on-budget deficit.

The scale of the necessary transfers depends on the policy that Governor Bush adopts. The following are five logical possibilities:

- **Insolvent in 2023: no on-budget cost.** Allow the trust fund to go insolvent in 2023. After this date substantial benefit cuts would be required. In 2023 payroll tax revenue would be sufficient to cover 60 percent of retirement and survivor's (OASI benefits). The proportion of benefits covered would fall to 51 percent in 2037. Thus for 14 years where seniors now get full benefits under this scenario there will be 40+ percent cuts.

- **54 percent benefit cuts: no on-budget cost.** This option makes cuts in guaranteed benefits for workers 54 and younger when the plan goes into effect. The benefit cuts would be phased in so that they were larger for workers who had more time to accumulate individual accounts. These cuts would grow to 54 percent for workers age 30 and under in 2002. With the individual accounts, the average reduction relative to current law would be 20 percent. This would ensure 75-year Social Security solvency with no cost to the on-budget account.[8] *Caveat: under current law or with your proposed interest savings transfers, you would also require cuts relative to current law in guaranteed benefits to extend solvency to 2075.*

- **Protect trust fund: $952 billion of transfers from 2002-10.** Make transfers equal to the individual accounts, i.e. $952 billion from 2002 to 2010. This proposal would hold the Social Security trust fund harmless, meaning that it would continue to go insolvent in 2037. The transfers involved would, however, increase the likely on-budget deficit from 2002-10 to $2.4 trillion on CBO and nearly $2.9 trillion on OMB. Over 75-years the transfers would have a net present value of $3 trillion, more than twice the transfers proposed in your budget.

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[7] See Center for Budget and Policy Priorities, 5/15/00 and Henry Aaron et. al, Century Foundation, 6/6/00.

[8] Henry Aaron, Alan Blinder, Alicia Munnell, and Peter Orszag, "Governor Bush's Individual Accounts Proposal: Implications for Retirement Benefits." Century Foundation, 6/6/00.

This is essentially the same as the on-budget cost associated with the Archer-Shaw Social Security plan which pays for 2 percent accounts with a tax credit, thus using on-budget resources for the accounts rather than depleting the Social Security trust fund. *We do not recommend emphasizing these $2+ trillion on-budget deficits. Although from a policy perspective, this is probably the best way to implement individual accounts, we believe it would be more effective to emphasize that Governor Bush's budget plans result in an on-budget deficit that likely exceeds $1 trillion without even making transfers to protect Social Security solvency and benefits.*

- **Feldstein plan: $167 billion of transfers from 2002-10.** Martin Feldstein has proposed a plan that has three elements: (1) it makes substantial transfers over 75-years ($3 trillion in net present value, more than twice the transfers in your proposal; this amount, by itself and without individual accounts, would be enough to solve Social Security's long-run problems); (2) it allows the Social Security trust fund to go bankrupt in 2031, allowing it to borrow from the Treasury until 2052 when Social Security becomes solvent again; and (3) three-quarters of the individual accounts are "clawed back" to the trust fund. Feldstein argues that this proposal is consistent with the Bush plan, although a campaign spokesman has denied that this is the case. The transfers in this plan are very backloaded, totaling only $167 billion in the first 9 years, but growing in nominal dollars to $4.6 trillion in 2075 alone (in contrast the transfers under your Social Security plan never grow above $260 billion and would end in 2050).[9] This plan would increase the on-budget deficits between 2002-10 reported above by about $200 billion.

- **Highly backloaded plan: no transfers from 2002-10.** Alternatively, Governor Bush could propose even more backloaded transfers that begin after 2010. This plan, however, would stretch credibility because it would be arguing that the $1.2 trillion cost of privatization in the first decade would all be paid for in the future. Since Governor Bush cannot afford any of these transfers in the first 10 years and since he has an expensive and backloaded tax cut, how would he be able to argue that he could afford these in the future? This plan would put Social Security – and the overall budget – on a very shaky footing.[10]

It in the absence of a specific plan, it is impossible to determine what these transfers would be. This analysis of the options makes it clear that Governor Bush would almost certainly have to propose substantial transfers in the first ten years. (Note that the pattern of transfers has no effect on the pay down of the debt held by the public.) The following shows the consequences of Bush's tax and budget plan, including the Congressional tax cuts and the minimal AMT fix, assuming that he proposes either full transfers along the lines of Archer-Shaw or backloaded transfers along the lines of Feldstein.

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[9] Calculations based on results reported in Martin Feldstein and Andrew Samwick, "Allocating Payroll Tax Revenue to Personal Retirement Accounts to Maintain Social Security Benefits and the Payroll Tax Rate," 6/5/00.

[10] Note that these problems are logically different from the transfers in your plan which are part of a fiscally responsible plan to *add* money to Social Security, not an attempt to pay for a new proposal that costs over $1 trillion in the first decade.

GOVERNOR BUSH'S LIKELY BUDGET PROPOSALS, INCLUDING SOCIAL SECURITY TRANSFERS ($billions)

	CBO		OMB	
	2002-06	**2002-10**	**2002-06**	**2002-10**
OPTION 1: FULL TRANSFERS				
On-budget Surplus	**615**	**1,743**	**449**	**1,421**
Bush Tax Cut	460	1,321	460	1,321
Bush Health and Spending Proposals	229	452	229	452
Added Congressional Tax Cuts	214	456	214	456
Minimal AMT Fix	51	210	51	210
Social Security transfers	479	952	479	952
Interest	176	751	207	893
Total Cost, with interest	*1,608*	*4,142*	*1,639*	*4,284*
Resulting On-budget Surplus	**-993**	**-2,399**	**-1,189**	**-2,863**
Memorandum: Required Cut in Domestic and International Spending Required to Balance				
Total Cut	-889	-1,953	-1,044	-2,243
Maximum Annual Cut Relative to 2000	-66%		-76%	
OPTION 2: BACKLOADED FELDSTEIN TRANSFERS				
On-budget Surplus	**615**	**1,743**	**449**	**1,421**
Bush Tax Cut	460	1,321	460	1,321
Bush Health and Spending Proposals	229	452	229	452
Added Congressional Tax Cuts	214	456	214	456
Minimal AMT Fix	51	210	51	210
Social Security transfers	58	167	58	167
Interest	118	544	138	646
Total Cost, with interest	*1,129*	*3,149*	*1,149*	*3,252*
Resulting On-budget Surplus	**-514**	**-1,406**	**-700**	**-1,831**
Memorandum: Required Cut in Domestic and International Spending Required to Balance				
Total Cut	-468	-1,167	-623	-1,457
Maximum Annual Cut Relative to FY2000	-44%		-53%	

With the full transfers, the on-budget deficits are staggering: well over $2 trillion. Remedying these would require completely impossible cuts in domestic and international priorities of 66 to 76 percent.

With the Feldstein plan's highly backloaded transfers, the on-budget deficit would be from $1.4 trillion to $1.8 trillion – with the required non-defense discretionary cuts ranging from 44 percent on CBO assumptions to 53 percent on OMB assumptions.

VI – CONCLUSION

This analysis clearly shows that Governor Bush's tax and budget plans would represent an enormous reversal of the fiscal responsibility that has characterized the last seven and a half years. The result would be to take us off the path of substantial debt reduction, resulting in higher interest rates, higher mortgage payments for families, lower investment, and a weaker economy. This analysis has attempted to look at Governor Bush's tax and budget plans from a number of angles. Any of the responses they could make would put them in a very awkward position. For instance:

- The Bush campaign could argue that the Medicare surplus should not be protected for debt reduction but should instead be used to pay for spending or tax cuts. This would put them at odds with their party in Congress. Also, regardless of the definition of the on-budget surplus it is still true that the Bush budget substantially raids the Medicare and Social Security surpluses.

- The Bush campaign could argue that it plans to make drastic cuts in spending on domestic priorities. To be helpful to them, these cuts would need to be anywhere from around 16 percent to about 50 percent. These cuts would be both highly damaging to key programs as well as not very credible.

- The Bush campaign could argue that missile defense should not cost money because they do not have an explicit proposal yet – a statement that would completely lack credibility.

- The Bush campaign could argue that it is in favor of maintaining the current taxation of Social Security benefits, does not favor pension and IRA limit increases, and supports the maintenance of the telecommunications excise tax.

- The Bush campaign will have to defend the fact that its tax plan would substantially complicate taxes for millions of families and be a sham for more than 10 million families.

- On Social Security, the Bush campaign is caught between having to acknowledge large cuts in guaranteed benefits or having to acknowledge that the transfers needed to pay the transition costs would cause substantial on-budget deficits. This is a key point we must effectively smoke them out on.

- The Bush campaign will have to defend why, even under what is essentially their version of their budget, they only pay the debt down to $2.0 trillion in 2012, while Vice President Gore reduces it to $0.5 trillion.

APPENDIX

Tables

(1) COST OF TAX CUTS (2001-10, JCT estimates, $billions)

	House	**Senate**	**Bush**
Passed in 2000			
Estate Tax Repeal	105	105	236
Affordable Education	12[a]	21	4
Marriage Penalty – Deduction	72	72	88
Marriage Penalty – Rates	160	160	--
Marriage Penalty – EITC	13	13	--
AMT Personal Credits	47	47	(b)
Social Security Benefit Taxation	117	117[c]	--
Telecommunications Excise Tax	51	55[c]	--
Pension and IRA Limit Increase	52	18[d]	--
Small Business	19	27	--
Patients Bill of Rights	68	40	(e)
Taxpayer Bill of Rights	7	--	--
Double Child Tax Credit	--	--	162
Charity – non-itemizers and other proposals	--	--	80
New Markets / Community Renewal	20	--	--
Passed in 1999[f]			
Rate Reduction	490	332	727
Permanent R&E	--	24	24
Capital Gains, Individual and Corporate	91	34	--
AMT, Individual and Corporate	146	146	--
Interest Exemption on a Worldwide Basis	24	24	--
Extend Exemption for Subpart F AFI	6	6	--

a. Passed by House Ways and Means.
b. Mostly included in Governor Bush's proposal to double the child tax credit.
c. Passed as an amendment to estate tax repeal and then stripped from the bill before final passage.
d. Passed as part of the bankruptcy/minimum wage/small business bill.
e. Governor Bush has an estimated $131 billion of tax cuts for health care and long-term care that are not included in his $1.321 trillion tax cut. These partially overlap with the House and Senate bills.
f. Estimates adjust JCT scoring to produce the 2001-10 cost.

(2) **GOVERNOR BUSH'S EXPLICIT BUDGET PROPOPOSALS – CBO SCORING** ($billions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2002-06	2002-10
On-budget Surplus	**86**	**103**	**114**	**132**	**180**	**223**	**254**	**301**	**350**	**615**	**1,743**
Bush Tax Cut	21	57	89	126	167	193	210	225	233	**460**	**1,321**
Health and Long-term Care	5	8	11	12	14	18	19	21	22	**50**	**131**
Defense	5	5	5	5	5	5	5	5	5	**25**	**45**
Missile Defense	22	22	22	22	22	22	22	22	22	**111**	**200**
Domestic Programs	8	8	8	8	8	8	8	8	8	**42**	**76**
Interest	2	6	13	21	33	47	62	80	99	**74**	**363**
Total Cost	*64*	*107*	*148*	*195*	*250*	*294*	*327*	*361*	*390*	***763***	***2,135***
Remaining On-budget Surplus	**22**	**-4**	**-34**	**-63**	**-70**	**-71**	**-73**	**-60**	**-40**	**-148**	**-392**
Memorandum: Required Cut in Domestic and International Spending Required to Balance											
Cut in Non-defense Discretionary	0	-4	-33	-59	-63	-60	-59	-42	-20	-159	-340
Cut Relative to FY2000	0%	-1%	-9%	-16%	-16%	-15%	-15%	-10%	-5%		

(3) GOVERNOR BUSH'S EXPLICIT BUDGET PROPOPOSALS – OMB SCORING ($billions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2002-06	2002-10
On-budget Surplus	**67**	**68**	**81**	**95**	**139**	**179**	**215**	**261**	**316**	**449**	**1,421**
Bush Tax Cut	21	57	89	126	167	193	210	225	233	**460**	**1,321**
Health and Long-term Care	5	8	11	12	14	18	19	21	22	**50**	**131**
Defense	5	5	5	5	5	5	5	5	5	**25**	**45**
Missile Defense	22	22	22	22	22	22	22	22	22	**111**	**200**
Domestic Programs	8	8	8	8	8	8	8	8	8	**42**	**76**
Interest	2	7	15	25	39	55	74	96	119	**87**	**431**
Total Cost	*64*	*108*	*150*	*198*	*256*	*302*	*339*	*376*	*410*	***776***	***2,204***
Remaining On-budget Surplus	**3**	**-40**	**-70**	**-103**	**-117**	**-123**	**-124**	**-115**	**-93**	**-327**	**-783**
Memorandum: Required Cut in Domestic and International Spending Required to Balance											
Total Cut	0	-39	-65	-94	-101	-100	-94	-77	-50	-298	-619
Cut Relative to FY2000	0%	-11%	-18%	-25%	-26%	-25%	-23%	-19%	-12%		

(4) **GOVERNOR BUSH'S LIKELY BUDGET PROPOPOSALS – CBO SCORING** ($billions, excluding Social Security transfers)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2002-06	2002-10
On-budget Surplus	**86**	**103**	**114**	**132**	**180**	**223**	**254**	**301**	**350**	615	1,743
Bush Tax Cut	21	57	89	126	167	193	210	225	233	**460**	**1,321**
Bush Health and Spending Proposals	41	43	47	48	50	54	55	56	58	**229**	**452**
Added Congressional Tax Cuts	29	37	45	49	54	57	59	62	64	**214**	**456**
Minimal AMT Fix	6	14	5	10	17	29	33	39	58	**51**	**210**
Interest	4	10	19	31	47	65	87	111	138	**111**	**512**
Total Cost, with Interest	*101*	*161*	*205*	*263*	*335*	*399*	*444*	*493*	*551*	***1,065***	***2,950***
Remaining On-budget Surplus	**-15**	**-58**	**-91**	**-131**	**-155**	**-176**	**-190**	**-192**	**-201**	**-450**	**-1,207**
Memorandum: Required Cut in Domestic and International Spending Required to Balance											
Total Cut	-15	-56	-84	-120	-136	-148	-153	-145	-144	-410	-1,000
Cut Relative to FY2000	-4%	-15%	-23%	-31%	-35%	-37%	-37%	-35%	-34%		

(5) GOVERNOR BUSH'S LIKELY BUDGET PROPOPOSALS – OMB SCORING ($billions, excluding Social Security transfers)

	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2002-06**	**2002-10**
On-budget Surplus	**67**	**68**	**81**	**95**	**139**	**179**	**215**	**261**	**316**	**449**	**1,421**
Bush Tax Cut	21	57	89	126	167	193	210	225	233	**460**	**1,321**
Bush Health and Spending Proposals	41	43	47	48	50	54	55	56	58	**229**	**452**
Added Congressional Tax Cuts	29	37	45	49	54	57	59	62	64	**214**	**456**
Minimal AMT Fix	6	14	5	10	17	29	33	39	58	**51**	**210**
Interest	4	12	23	37	55	77	103	132	165	**130**	**608**
Total Cost, with Interest	*101*	*162*	*208*	*269*	*343*	*411*	*460*	*514*	*578*	***1,084***	***3,047***
Remaining On-budget Surplus	**-34**	**-95**	**-127**	**-174**	**-204**	**-231**	**-245**	**-253**	**-262**	**-634**	**-1,626**
Memorandum: Required Cut in Domestic and International Spending Required to Balance											
Total Cut	-33	-90	-116	-154	-173	-187	-187	-179	-173	-565	-1,291
Cut Relative to FY2000	-9%	-25%	-32%	-41%	-45%	-48%	-46%	-44%	-41%		

(6) EFFECT OF GOVERNOR BUSH'S PROPOSALS ON THE DEBT – CBO SCORING ($billions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2002-06	2002-10
Unified Surplus	**312**	**345**	**369**	**402**	**469**	**523**	**565**	**625**	**685**	**1,897**	**4,293**
Explicit Proposals											
Bush Tax Cut	21	57	89	126	167	193	210	225	233	**460**	**1,321**
Bush Health and Spending Proposals	41	43	47	48	50	54	55	56	58	**229**	**452**
2% Individual Accounts	87	91	95	100	105	110	115	121	127	**479**	**952**
Interest	5	13	25	39	57	78	101	127	156	**140**	**602**
Total Cost, with Interest	*154*	*205*	*256*	*313*	*379*	*435*	*482*	*529*	*574*	***1,307***	***3,327***
Remaining Unified Surplus	**158**	**140**	**113**	**89**	**90**	**88**	**83**	**95**	**111**	**590**	**967**
Debt Held by the Public	**3,008**	**2,881**	**2,780**	**2,702**	**2,622**	**2,542**	**2,466**	**2,377**	**2,273**		
Likely Proposals											
Added Congressional Tax Cuts	29	37	45	49	54	57	59	62	64	**214**	**456**
Minimal AMT Fix	6	14	5	10	17	29	33	39	58	**51**	**210**
Interest	2	4	7	10	14	19	24	31	38	**37**	**149**
Total Cost, with Interest	*37*	*54*	*56*	*69*	*85*	*105*	*116*	*132*	*160*	***301***	***815***
Remaining Unified Surplus	**121**	**85**	**57**	**20**	**5**	**-17**	**-33**	**-37**	**-50**	**288**	**152**
Debt Held by the Public	**3,059**	**2,986**	**2,942**	**2,932**	**2,937**	**2,962**	**3,002**	**3,045**	**3,102**		
Memorandum: Vice President Gore's Proposal											
Remaining Unified Surplus	**235**	**261**	**276**	**287**	**305**	**317**	**333**	**367**	**405**	**1,364**	**2,786**
Debt Held by the Public	**2,957**	**2,708**	**2,444**	**2,168**	**1,872**	**1,563**	**1,236**	**876**	**478**		

Note: The debt held by the public at the end of FY2001 is projected to be $3.158 trillion by CBO.

(7) EFFECT OF GOVERNOR BUSH'S PROPOSALS ON THE DEBT – OMB SCORING ($billions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2002-06	2002-10
Unified Surplus	**279**	**295**	**324**	**360**	**422**	**479**	**532**	**595**	**670**	**1,679**	**3,954**
Explicit Proposals											
Bush Tax Cut	21	57	89	126	167	193	210	225	233	**460**	**1,321**
Bush Health and Spending Proposals	41	43	47	48	50	54	55	56	58	**229**	**452**
2% Individual Accounts	87	91	95	100	105	110	115	121	127	**479**	**952**
Interest	5	15	29	46	68	93	121	152	187	**164**	**716**
Total Cost, with Interest	*154*	*207*	*260*	*320*	*389*	*450*	*501*	*554*	*605*	***1,331***	***3,441***
Remaining Unified Surplus	**125**	**88**	**63**	**40**	**32**	**29**	**30**	**40**	**65**	**348**	**513**
Debt Held by the Public	**3,090**	**3,016**	**2,964**	**2,935**	**2,915**	**2,897**	**2,878**	**2,848**	**2,793**		
Likely Proposals											
Added Congressional Tax Cuts	29	37	45	49	54	57	59	62	64	**214**	**456**
Minimal AMT Fix	6	14	5	10	17	29	33	39	58	**51**	**210**
Interest	2	5	8	12	17	22	29	37	46	**43**	**177**
Total Cost, with Interest	*37*	*55*	*58*	*71*	*87*	*109*	*121*	*138*	*168*	***308***	***843***
Remaining Unified Surplus	**87**	**33**	**6**	**-30**	**-55**	**-80**	**-90**	**-98**	**-103**	**41**	**-330**
Debt Held by the Public	**3,141**	**3,122**	**3,128**	**3,169**	**3,236**	**3,327**	**3,428**	**3,537**	**3,650**		
Memorandum: Vice President Gore's Proposal											
Remaining Unified Surplus	**205**	**216**	**234**	**246**	**262**	**279**	**305**	**336**	**386**	**1,164**	**2,471**
Debt Held by the Public	**3,033**	**2,830**	**2,609**	**2,374**	**2,123**	**1,856**	**1,561**	**1,237**	**860**		

Note: The debt held by the public at the end of FY2001 is projected to be $3.201 trillion by OMB.

TO Dan B

Pull for review. ok MR 8-8-00

see minor edits below
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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 9, 2000

STATEMENT BY THE PRESS SECRETARY

The Medal of Freedom

The President today awarded the Presidential Medal of Freedom to 15 individuals.

President Kennedy established the Presidential Medal of Freedom by Executive Order on February 22, 1963. He announced the first Presidential Medal of Freedom award recipients in 1963; and President Johnson made the first presentations of the Medal in a ceremony at the White House on December 6, 1963. ~~If~~ It is the highest civilian award bestowed by the United States Government. It ~~The Medal~~ is awarded by the President only to those persons whom he deems to have made especially meritorious contributions to the security or national interests of the United States, to world peace, or to cultural or other significant public or private endeavors. Citizens of other nations may receive the Medal, and honorees may receive it posthumously. Recipients are awarded a medal and a citation signed by the President.

The text of the citations presented today read as follows:

JIM BURKE

Jim Burke has set the highest standards for corporate responsibility and civic involvement. As CEO of Johnson & Johnson, he promptly responded to a public health and corporate crisis of unprecedented proportions, placing the safety of consumers ahead of company profits. As Chairman of the Partnership for a Drug-Free America, he has energized America's advertising and media industries to create hundreds of powerful anti-drug messages, and he brought the Partnership together with the National Youth Anti-Drug Media Campaign in a historic public health education effort that is changing American youths' attitudes about drugs. America salutes Jim Burke for his deep commitment to the welfare if its citizens.

JOHN CHAFEE (posthumous)

LT/Dan B – should we make this clear in header

Consummate statesman and patriot, John Chafee provided the model for service to America. As a Marine in World War II and Korea, and later as Secretary of the Navy, he fought to protect the freedoms we cherish. As a State Representative, Governor, and U.S. Senator, he was a leader of the highest integrity, decency, and civility. John Chafee transcended partisanship to help forge some of the major environmental legislation of our time and promote the well-being of our children and disabled citizens. We honor John Chafee for his enduring legacy of cleaner air and water, conservation of precious natural resources, and compassionate advocacy on behalf of others.

GENERAL WESLEY K. CLARK, USA (Ret.)

Respected for his military expertise, keen intellect, and diplomatic skill, General Wesley Clark has distinguished himself as a soldier, scholar, and statesman. Graduating from West Point at the head of his class, he set a standard of excellence that has been his lifelong benchmark, whether serving in Vietnam; as a key negotiator of the Dayton Peace Accords; or as head of the U.S. European Command. As Supreme Allied Commander of the North Atlantic Treaty Organization, he led the 19-member alliance to an historic victory in Kosovo in NATO's longest and most difficult military campaign. For his outstanding leadership and dedicated service, General Clark has earned the respect and admiration of a grateful Nation.

ADMIRAL WILLIAM J. CROWE, JR., USN (Ret.)

A powerful force for peace and freedom, Admiral William J. Crowe, Jr. has stood watch over our country for more than 50 years, helping to preserve the liberty we hold dear. As Chairman of the Joint Chiefs of Staff, he worked vigorously to increase cooperation among the Armed Services, improving the speed, flexibility, and efficiency of U.S. defense capabilities. After retiring from a brilliant Navy career, he served with distinction as Ambassador to the United Kingdom and has strived to reduce the vulnerability of American embassies to terrorist attacks. Sailor, scholar, diplomat, and patriot, Admiral William Crowe has dedicated his life to charting a strong course for America.

MARIAN WRIGHT EDELMAN

A passionate advocate on behalf of children, minorities, and the poor, Marian Wright Edelman has given a powerful voice to those too often unheard. The first African American woman admitted to the Mississippi bar, she devoted herself to the struggle for civil rights. As founder of the Children's Defense Fund, for almost 30 years she has championed the needs of our Nation's children and families – from childcare to education to children's health. When our children cried out, "Dear Lord, be good to me. The sea is so wide, and my boat is so small," God blessed them with Marian Wright Edelman.

JOHN KENNETH GALBRAITH

A renowned economist, distinguished public servant, influential educator, and prolific author, John Kenneth Galbraith has contributed immeasurably to the life of our Nation. With clarity, wit, and a keen social conscience, he has made complex economic theories and processes comprehensible to a wide audience and highlighted the social and ethical impacts of economic policies. A tireless reformer of the free enterprise system, he has resolutely promoted social justice and challenged conventional assumptions in his Harvard classroom and in the public arena. Throughout his full life, John Kenneth Galbraith has used his sharp intellect and his clear moral vision to create a "good society."

MSGR. GEORGE G. HIGGINS

For more than half a century, Monsignor George Higgins has championed workers' rights, civil rights, and religious tolerance. As Director of the Social Action Department of the National Conference of Catholic Bishops, Chairman of the Public Review Board of the United Auto Workers, and Chairman of the United Farmworkers' Martin Luther King, Jr., Fund, he has played a vital role in strengthening the labor movement and protecting workers from exploitation. Putting his faith into action, Monsignor Higgins has worked unceasingly to improve the relationship between Jewish and Catholic communities as well as the quality of life for working families worldwide. We honor him for his unwavering commitment to fairness and equality.

REVEREND DR. JESSE LOUIS JACKSON, SR.

Jesse Jackson has long been a powerful voice in the struggle for civil rights, economic opportunity, and social justice across America and around the globe. Minister and stirring orator, he has preached a gospel of hope, unity, and responsibility and has helped establish common ground across lines of race, class, gender, nationality, and faith. As Founder and President of the Rainbow/PUSH Coalition and the Wall Street Project, he has worked hard to expand opportunity through education and employment. A tireless advocate for peace, international understanding, and human dignity, Jesse Jackson has kept alive the promise of a better world for people everywhere.

MILDRED McWILLIAMS JEFFREY

For more than 60 years -- from the days of the Great Depression to today's unprecedented economic expansion -- Mildred Jeffrey has helped working men and women break down the barriers to social and economic justice and thrive as members of America's labor force. The first director of the women's department of the UAW and a founding member of the National Women's Political Caucus, she has inspired generations of women to make their voices heard and their votes count. Advisor to President Kennedy on youth employment and to President Carter on women's issues, Millie Jeffrey has lit the way to a brighter future for people across our Nation.

MATHILDE KRIM, Ph.D.

A noted biomedical researcher and AIDS educator, Mathilde Krim has served on the front lines of the battle against HIV and AIDS for almost 2 decades. One of the first to recognize the gravity of the AIDS pandemic, she established the AIDS Medical Foundation in 1983, which grew into the American Foundation for AIDS Research. As the Foundation's chair, she has devoted herself to developing and funding community-based AIDS research and raising public awareness about the disease. An extraordinary example of compassion and commitment, Mathilde Krim has given comfort and hope to and preserved the dignity of thousands of people living with AIDS.

GEORGE McGOVERN

War hero, Senator, and diplomat, George McGovern embodies national service. As Director of the Food for Peace program, he oversaw the donation of millions of tons of food to the developing world, and in the Senate, he continued to lead the crusade against hunger by expanding key nutrition programs. Today, as our Representative to the U.N. Food and Agricultural Organization, Ambassador McGovern is fighting to make real his visionary plan to feed 500 million of the world's hungry by 2015. George McGovern is one of the greatest humanitarians of our time, and the world will benefit from his legacy for generations to come.

DANIEL PATRICK MOYNIHAN

An academic, diplomat, public servant, and champion of the underprivileged, Daniel Patrick Moynihan has worked for social and economic justice throughout his extraordinary career. The only American to serve as a high-level advisor to four successive Presidents, he focused a national spotlight on poverty and urban blight. As U.S. Ambassador to India and the United Nations, he steadfastly defended democracy, freedom, and America's interests. During his four Senate terms, he has demonstrated unparalleled vision in crafting laws that have improved the lives of millions. Daniel Patrick Moynihan's wisdom, wit, and compassion have brightened our Nation's public life, and we salute him for his distinguished service.

CRUZ REYNOSO

The son of farm workers, Cruz Reynoso has devoted his life to ending discrimination, fighting for immigrant rights, and promoting equal opportunity. Through his efforts to address social inequality in his rural community, his leadership of the pioneering California Rural Legal Assistance program, his tenure as the first Latino on the California Supreme Court, and his service on the U.S. Commission on Civil Rights, he has been a strong force for change and a passionate voice for our Nation's disadvantaged. Respected for his legal expertise and renowned for his compassion, Cruz Reynoso has earned his place as one of America's most distinguished lawyers, jurists, and social reformers.

GARDNER CALVIN TAYLOR

One of America's greatest preachers, the Reverend Gardner C. Taylor has uplifted us through his eloquent sermons, providing a moral compass to help guide the lives of people across our Nation and around the world. His life's work has been a sermon as well, teaching that none live in dignity when any are oppressed and that faith can transcend racial, social, and economic boundaries. As a civil rights pioneer and longtime pastor of Brooklyn's Concord Baptist Church, Gardner Taylor is a man of the people and of God, and a leader of singular courage, humility, and compassion.

SIMON WIESENTHAL

A survivor of World War II concentration camps, Simon Wiesenthal has been at the forefront of Holocaust remembrance for more than 50 years, devoting his life to bringing perpetrators of Nazi atrocities to justice. His efforts have ensured the arrest of more than 1,000 war criminals, and he continues to inspire others in the fight against racism and intolerance. For his commitment to preserving the memory of Holocaust victims, his unrelenting pursuit of truth, and his dedication to educating a new generation about the devastating consequences of remaining silent in the face of horror, the world owes its profound gratitude to Simon Wiesenthal.

# # #

THE WHITE HOUSE
WASHINGTON

August 8, 2000

MR. PRESIDENT:

Attached for your signature is S. 1910, which would permit the Secretary of the Interior to acquire title to Hunt House, the last remaining privately owned site within the Women's Rights National Historic Park (the Park) in Seneca Falls and Waterloo, New York.

The Park was established in 1980; Hunt House was the home of Jane Hunt, host of a meeting in 1848 where participants decided to hold the Nation's first women's rights convention. Current law prohibits the government from acquiring title to the property; the bill would remove that restriction, and once title is acquired, the property will be opened to the public as part of the Park.

The bill has received all necessary clearances and passed the Senate by unanimous consent and the House by a vote of 404-9. *Your last day for action is today.*

Lisel Loy LL
Adam Rosman AR

cc: HRC

Copied
HRC
Podesta

8-8-00