



THE PRESIDENT HAS SEEN

5-4-95

OFFICE OF THE VICE PRESIDENT
WASHINGTON

95 MAY 3 17:04

May 2, 1995

MEMORANDUM FOR THE PRESIDENT

THROUGH: TONY LAKE

FROM: LEON FUERTH

SUBJECT: The Schneerson Collection

Copy to NH

There has been no movement of any kind toward the return of the Schneerson collection or the execution of the Memorandum of Understanding signed in December 1993, whereby the books would be relocated to a site distinct from the Russian State Library and controlled under a compromise arrangement.

For the last year, Prime Minister Chernomyrdin and his subordinates have repeatedly stated that the issue was all but solved. However, during a recent visit to Washington, a senior aide to Chernomyrdin candidly explained that the matter is ensnared in a dispute between the Moscow municipal authorities that have jurisdiction over the building designated to house the collection, and the Government of Russia. The aide indicated that the matter is going to the courts for adjudication. This could take years.

I have suggested an interim plan whereby the collection would be housed in a state-sponsored institute of Jewish learning in Moscow called the Maimonides State Academy. I will try to develop this approach between now and the June Gore-Chernomyrdin Commission meeting, but it would be of great help to me if you mentioned to Yeltsin that the matter is still unresolved and remains a subject of interest and sympathy to you. If you could suggest use of the Maimonides Academy as an interim solution, even better.

cc: The Vice President

95 MAY 4 12:35

Put in Mark



THE PRESIDENT HAS SEEN 5/5

BY ANNALISA KRAFT FOR THE WASHINGTON POST

ny Dotson, left, and her classmates ponder a question during their
hth-grade science class at Marsteller Middle School in Manassas.

Lesson in Confidence

. Middle School Tries All-Girl Classes

By Eric L. Wee
Washington Post Staff Writer

She didn't want to seem too smart in front of the boys, but she didn't want to seem dumb, either. So Ericka Speis, 13, just kept quiet last year in math class.

No questions. No comments. Not a peep.

But last week in her pre-algebra class, the eighth-grader at Marsteller Middle School in Manassas was shouting out answers to the homework assignment. And when she was stuck, she asked for help.

The change has nothing to do

with her teacher or the class material, Ericka says. It has everything to do with the fact that all her classmates are girls.

Ericka is part of an experiment Marsteller began this year that separates some eighth-grade classes by sex. The school hopes the change will create an environment in which girls can succeed more often in math and science—problem areas for many adolescent girls.

"If I answered a question wrong, guys would make fun of me," Ericka said about her former coed class. "If I didn't understand something or if I was

See GIRLS, A13, Col. 1

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Affirmative Action: Central Questions

Opportunity	Opportunity ----- Results				Results	
	Opportunity Enhancing Assistance	Advantages & Flexible Preferences	Set-asides	Quotas		
	Education	Compensatory ed; Outreach & recruiting; HBCUs	Multifactor admissions policies: e.g., UC-Berkeley	Group-based programs: e.g., Bannneker; NIH Minority Fellowship; San Bernardino's Bridge Program		Two-track (i.e., pre-Bakke) admissions
	Employment	Outreach & recruiting; Apprenticeships; Second look programs: e.g., the military	Multifactor hiring: e.g., judicial selection; the Chicago police dept.	Exclusive job listings: e.g., Ill.State Univ.; anecdotes from academe		Race-normed tests to ensure proportional representation
Contracting & Procurement	Technical assistance; Mentoring; Bonding assistance	10% bid preference; "Subcontractor Compensation program": e.g., the Adarand case	8(a) program; Rule of two	Numeric set-asides		

Affirmative Action: A Calibrated Approach

Opportunity -----		Results			
Opportunity ----- Results	Opportunity Enhancing Assistance	Advantages & Flexible Preferences	Set-asides	Quotas	
	Education	Compensatory ed; Outreach & recruiting; HBCUs	Multifactor admissions policies: e.g., UC-Berkeley	Group-based programs: e.g., Bannneker; NIH Minority Fellowship; San Bernardino's Bridge Program	Two-track (i.e., pre-Bakke) admissions
	Employment	Outreach & recruiting; Apprenticeships; Second look programs: e.g., the military	Multifactor hiring: e.g., judicial selection; the Chicago police dept.	Exclusive job listings: e.g., Ill.State Univ.; anecdotes from academe	Race-normed tests to ensure proportional representation
	Contracting & Procurement	Technical assistance; Mentoring; Bonding assistance	10% bid preference; "Subcontractor Compensation program": e.g., the Adarand case	8(a) program; Rule of two	Numeric set-asides

under this approach, shaded policies would be appropriate only as remedies for lingering or ongoing discrimination

Affirmative Action: A Categorical Approach

Opportunity ----- Results					
Opportunity ----- Results	Opportunity Enhancing Assistance	Advantages & Flexible Preferences	Set-asides	Quotas	
	Education	Compensatory ed; Outreach & recruiting; HBCUs	Multifactor admissions policies: e.g., UC-Berkeley	Group-based programs: e.g., Bannneker; NIH Minority Fellowship; San Bernardino's Bridge Program	Two-track (i.e., pre-Bakke) admissions
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	Contracting & Procurement	Technical assistance; Mentoring; Bonding assistance	10% bid preference; "Subcontractor Compensation program": e.g., the Adarand case	8(a) program; Rule of two	Numeric set-asides

under this approach:

shaded policies would be appropriate only as remedies

lined policies would be appropriate methods of inclusion only if narrowly tailored

RETHINKING THE BOMB

Second of Six Articles

U.S. Debates How to Halt Nuclear Spread

By David B. Ottaway and Steve Coll
Washington Post Staff Writers

Ashon Carter, the 40-year-old whiz kid of President Clinton's Pentagon, sat in the audience at the National Academy of Sciences in Washington on Dec. 7, 1993, in the proud but nervous manner of a father about to witness the birth of a child.

For months, Carter had been crafting a military mission to counter the Pentagon's newest fear: the spread of nuclear weapons to terrorist groups or nations that saw the United States as their enemy. As the Pentagon's point man for nuclear security, Carter had helped draft a classified Presidential Decision Directive, PDD-13, that gained Clinton's backing for the new initiative. He had guided an announcement speech through interagency nitpicking. He had scrambled to rewrite charts at the last-minute insistence of the White House. Now Carter listened intently as his boss, Defense Secretary Les Aspin, announced the plan to the crowded room.

"We've recognized a new problem," Aspin declared ominously, "and we're acting to meet it."

The breakup of the Soviet Union meant that "loose nukes" might fall into unfriendly hands, Aspin warned. Instead of guarding against an all-out nuclear war with the Soviets, the U.S. military now faced dangers such as "fighting a Desert

See NUCLEAR, A16, Col. 1

NUCLEAR, From A1

Storm kind of war with the opponent actually having a handful of nuclear weapons," he said.

To defend against the threat of nuclear disorder, Aspin said, the United States needed to develop new weapons that could penetrate underground bunkers hiding nuclear facilities. It also needed to gather better intelligence about emerging nuclear threats. To handle this new initiative, Aspin had created a high-level position that Carter would fill—assistant secretary of defense for nuclear security and counter-proliferation.

Carter's anointment that day as the Pentagon's master of counter-proliferation—a new word for post-Cold War dictionaries—marked an important turn in the U.S. government's struggle to redefine the role of nuclear arms in a rapidly changing world. Counter-proliferation became the Pentagon's response to a terrifying question: Can countries such as Iraq, Iran, Libya and North Korea—all hostile to the United States—acquire nuclear weapons or provide them to terrorists?

For much of the past two years, that question has consumed Carter and others in the Clinton administration. The Soviet Union's collapse means that tens of thousands of nuclear weapons and tons of nuclear materials no longer are as tightly controlled. Moreover, the growth of global commerce and the spread of industrial technology mean that more and more nations might be able to build their own nuclear capabilities.

In tackling this challenge, the administration has found itself embroiled in heated debate at home and abroad over whether the best response to this emerging threat is to develop new American weapons and military doctrine or take a diplomatic, cooperative approach—or perhaps try both at once.

Carter had been preparing for his role in this debate for years before coming to Washington. Trained as a theoretical physicist and medieval historian, he saw national security as a field where he could leave his mark. In meetings, his ardor coursed through his hands; rarely at rest, they grew more active the longer he talked.

During the 1980s, while teaching at Harvard, Carter had joined 15 different U.S. advisory boards, councils and think tanks involved with nuclear weapons policy. He received high security clearances, and, as the Soviet Union collapsed, he ran or participated in several Pentagon studies on nuclear weapons, including one on the role of intelligence gathering in fighting the spread of nuclear arms.

Carter was not a hawk, but neither did he fear nuclear weapons. His published writing took a pragmatic approach, emphasizing rationality about a subject—nuclear

war—that was in many ways irrational. Carter had been a critic of the Star Wars missile defense program during the 1980s on the grounds that it simply would not work. His articles and speeches repeatedly asked, "Where is the logic in this?"

Upon his arrival in Washington, Carter found a Pentagon swirling with anxieties about new nuclear dangers. The Pentagon's war games fueled the concern. In one exercise, first reported by Brookings Institution scholar Bruce Blair, a rogue Russian general launched a nuclear attack at the United States; some 500 nuclear weapons were detonated before the "limited war" ended. Another game, run by the Federal Bureau of Investigation, took place in the streets of New Orleans. Squads of government agents swarmed through the city, searching for a nuclear bomb hidden by terrorists. The agents saved the day, but only after being given clues about where to look for the hidden explosive.

Some intelligence analysts considered the Pentagon war game managers as a kind of research and development division for post-Cold War defense budgets. In the analysts' view, the war game leaders kept dreaming up terrifying threats so Congress would cough up funds for new weapons and new missions, such as counter-proliferation.

Carter, however, considered the proliferation threat to be real and immediate. As he prepared to join the Pentagon in 1993, Carter wrote that the possibility of a nuclear detonation set off in anger was now more likely than during the Cold War.

Preventing this, in his view, required shedding old habits of mind—especially the reliance on slow, formal strategic arms control talks. Carter carried to Washington numbered "agendas for action," steps that could be taken quickly to shore up global nuclear security, especially in the former Soviet Union. He did not want to be remembered as just another intellectual with a theory for his time. He wanted to charge out and do something. Sometimes this got him more attention than he wanted.

Counter-proliferation proved to be just one example. In Washington and abroad, Clinton administration colleagues and European allies worried that the new initiative might disrupt or damage the world's diplomatic, treaty-based system for controlling the spread of nuclear weapons. Indeed, some worried that the plan might trigger a new kind of nuclear arms race.

A Faustian Bargain

From his winged headquarters building above the Danube River in Vienna, Hans Blix followed the Pentagon's plans with fascination and dismay.

A lively, pragmatic Swedish lawyer, Blix was director general of the International Atomic Energy Agency (IAEA), the

chance to move toward this goal. At the age of 68, Blix remained highly ambitious. He worked long hours; colleagues thought he still dreamed of becoming U.N. secretary general. Whatever his personal goals, he now pressed his nuclear disarmament views more boldly than ever. "At no time since nuclear disarmament talks began has the political climate seemed more favorable than now for far-reaching agreements," Blix exhorted. "It is time to act. The opportunities must not be lost!"

In Washington, key members of Clinton's nuclear policy team, including senior arms control negotiator Tom Graham, wanted to help Blix. Some of Graham's colleagues compared the IAEA's post-Cold War importance in fighting the spread of nuclear weapons to the North Atlantic Treaty Organization's earlier role in containing communism.

But Blix knew that while some officials in Washington saw his agency as part of the solution to emerging nuclear threats, others regarded the IAEA as part of the problem. Their doubts arose from the IAEA's performance in Iraq.

After the Persian Gulf War ended in 1991, the United Nations discovered that Iraqi President Saddam Hussein had pursued a \$10 billion secret nuclear weapons program under the noses of the IAEA's inspectors. Blix and his agency took a lot of heat in Washington. "Iraq often successfully manipulated the inspections," concluded a 1993 study by the Pentagon's Defense Nuclear Agency, based on confidential interviews with returning inspectors. "The lesson here is that any potential violator in the future may be able to 'out wait' the inspection process through delays and denials."

Several Americans who had worked at the IAEA publicly attacked Blix's inspectors as weak-kneed, milquetoast U.N. types. Some U.S. nuclear weapons scientists returned from IAEA-supervised missions to Iraq grumbling that Blix wouldn't know a nuclear bomb if he tripped over one. "Blix, an attorney, would argue with me as a scientist that we weren't understanding what we were seeing," recalled Jay Davis of the Lawrence Livermore National Laboratory. "He was not perturbed by transparent Iraqi deceptions."

These attacks infuriated Blix. His face turned red and he ranted for days after reading criticism of the IAEA's inspectors, colleagues recalled. He accused the IAEA's critics of ignoring the challenges of running a cooperative nuclear inspection system in scores of different countries—all of them sovereign nations with their own laws and security interests.

Yet Blix knew his nuclear inspection system had flaws. In the original NPT bargain, European nations and Japan had insisted on the most passive inspections possible. IAEA inspectors could not look or ask questions beyond a few "strategic points" in any nuclear facility. They could not walk into a nearby building that looked suspicious or wipe samples from the floor of a plant to see if the nuclear traces showed signs of clandestine bomb activity. IAEA inspectors had become like bank au-

ditors: They depended heavily on the good faith of their clients, so they were vulnerable to a devious embezzler intent on committing a crime.

Worried that his critics might seek to replace or augment the IAEA with a new posse of global nuclear police, Blix worked to revitalize his agency as a tough, credible inspection force. His first step was to make a revolutionary agreement with the very Washington agencies that housed his harshest critics, the CIA and the Pentagon.

Blix believed that better access to intelligence information might have saved the IAEA from embarrassment in Iraq. He asked his Board of Governors, which included several members from Third World countries who were wary of Western dominance at the IAEA, to approve the agreement. He overcame the skeptics and obtained permission to receive what the board euphemistically called "information" from governments worldwide.

CIA and Pentagon officials decided that sharing such intelligence could advance American interests by giving inspectors the tools to catch and isolate nuclear cheaters. Other countries also decided to share, but they had less information and conveyed it less often. Throughout 1993, Blix and a few senior aides drove regularly from IAEA headquarters to the U.S. Mission in the 19th district of Vienna. Security guards checked them in and escorted them to a secure "bubble." There, CIA and Pentagon intelligence analysts displayed satellite photos, line drawings and other evidence of potential nuclear weapons threats in North Korea, Iran and Iraq.

CIA analysts carried sensitive satellite photos to a closed IAEA board meeting on the simmering North Korean problem early in 1993. In November, IAEA inspectors traveled to Tehran with CIA ink drawings of new, suspect buildings under construction at Iranian universities and nuclear training centers.

Blix accepted such intelligence gratefully—even greedily, in the view of some IAEA colleagues, who saw the program as a Faustian bargain. The intelligence briefings raised a danger that the agency was "being captured by the Americans," said former IAEA safeguards director Jon Jenkens. "There were almost weekly briefings, some involving many briefers from Washington and the national laboratories. Their presence was very much felt."

Another problem was the CIA's split personality. One side of the agency, the one Blix dealt with, analyzed and shared intelligence. The other ran covert operations to collect intelligence. Blix's allies at the State Department feared that the CIA viewed the IAEA as a ripe target for collecting data on foreign nuclear programs. Not only did the IAEA have rich files on foreign nuclear programs, its Vienna headquarters attracted scores of nuclear scientists from around the world. It only made sense for CIA agents to try to infiltrate the place.

State officials did not know what, if anything, CIA agents might be doing covertly at the IAEA—the CIA refused to confirm

world's nuclear watchdog. Founded in the 1950s to help regulate the spread of nuclear technology worldwide, the IAEA's most important mission in the 1990s was to detect and prevent the spread of nuclear arms. It did this through a system of inspections and safeguards at nuclear facilities around the world.

Where Pentagon planners and CIA analysts saw new and terrible nuclear dangers, Blix saw progress. Brazil, Argentina and South Africa had renounced nuclear weapons after the Cold War. Dozens of Latin American and African nations were concluding regional nuclear weapons-free treaties backed up by IAEA-style safeguards.

The IAEA's role in nuclear police work was advanced dramatically by the 1968 nuclear Non-Proliferation Treaty (NPT). The treaty, which allowed five nations to keep their nuclear weapons, called upon the IAEA to ensure that all other member nations did not try to acquire nuclear arms. Blix embraced not only the NPT's enforcement rules but also its idealism: Every NPT signer had pledged to work toward the total elimination of nuclear arms, and Blix had given much of his professional life to this cause.

Blix traveled the globe proselytizing that the Cold War's end offered a historic

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or deny its intelligence collection work, even in arguments with administration colleagues. But State officials worried nonetheless that the CIA would get caught with its hands in Blix's cookie jar. That could badly damage diplomatic efforts to control nuclear proliferation, they argued during internal Clinton administration debates.

None of this debate involved Blix. His problem with the CIA and the Pentagon was their analysis of the danger of proliferation. In stark terms, they were pessimists and Blix was an optimist. Blix could not seem to convince them that his inspection system should be the centerpiece of a renewed campaign to prevent proliferation. "It seems clear that the dominant opinion in the CIA is that there is a growing—not diminishing—threat of nuclear proliferation," Blix said at a seminar for German security experts in Bonn. "It seems clear that some of the critics feel that the only real protection against proliferating 'rogue states' is [military] hardware."

In other words, more missiles and more bombs, a handful of which cost more than the IAEA's annual safeguards budget. To Blix, it just didn't add up.

A Question of Bombs

Ash Carter admired Blix's drive to sharpen the IAEA's teeth. But as he set to work in his five-sided office at the Pentagon, Carter did not think he could rely solely on the IAEA to defend U.S.

soldiers and territory from the potential threat of new nuclear-armed enemies. Carter's job was to think about battlefields and wars—places where diplomacy and the IAEA already would have failed. The last thing he wanted was to meet a nuclear-armed North Korea in war without knowing what to do about it.

But the next questions were the tough ones: what kind of weapons, for what military purpose and at what diplomatic price?

At the Pentagon, Carter inherited studies that sought answers mainly in the lessons of the Persian Gulf War. That war had introduced a revolution in military thinking. Much of the public attention paid to high-tech weapons after the gulf war had focused on conventional arms. But at the Pentagon, the war had spurred a reassessment of the United States' nuclear arsenal that produced some startling ideas.

Beginning in mid-1991, the Pentagon, the Air Force and the nuclear weapons laboratories initiated several studies on new Precision Low-Yield Weapons Designs, also known as "mininukes," "micro-nukes" and "tinynukes." The Pentagon also carried forward work on High-Powered Radio Frequency bombs, nuclear-driven weapons designed to disrupt electronics and communications. The studies reflected the rising concern about future small wars where enemies might use weapons of mass destruction against U.S. troops.

After the collapse of the Soviet Union, the U.S. military began withdrawing its smaller, tactical nuclear weapons from around the world. In the main, the Pentagon's deployed arsenal after the Cold War was gigantic—intercontinental missiles and heavy bombers with very powerful warheads.

Those big nuclear weapons would not do much good in a small war, some of Carter's Pentagon colleagues argued. To persuade the Saddam Husseins of the world never to use nuclear or chemical weapons, U.S. forces might need nuclear weapons small enough to be a plausible deterrent on a regional battlefield. In April 1993, the Joint Chiefs of Staff issued a doctrine for the conduct of nuclear war that said "a selective capability of being able to use lower-yield [nuclear] weapons" was a "useful alternative."

Small nuclear weapons might also be valuable in attacking deeply buried enemy targets. After watching U.S. warplanes drop bombs down chimneys in Iraq, potential Third World enemies such as North Korea and Libya bought cement and dug deep, hardened bunkers for defense, according to intelligence assessments that circulated in the Pentagon. Conventional bombs might bust some of those bunkers, but not the deepest ones. In technical terms only, mininukes would do the job better.

Carter had been thinking about these questions for years. At Harvard, he had written that the United States should either get rid of tactical nuclear weapons

entirely or else rationalize them into a convincing, well-managed "nuclear expeditionary force" for regional conflict. But Carter discovered quickly that very few people outside the Pentagon wanted to think about the future of nuclear deterrence in regional wars. Even less did they want to miniaturize Washington's nuclear arsenal.

In the spring of 1993, nuclear disarmament activist William Arkin disclosed the mininuke studies. Several months later a Democrat-controlled Congress, outraged that the Pentagon sought new weapons so soon after the end of the arms race, reacted by banning any further research.

At the end of 1993, Carter flew to Brussels to sell NATO allies on the new counter-proliferation initiative. With communism gone, NATO needed a new mission. The alliance still managed a sizable nuclear force built to deter the Soviets from invading Europe. But NATO's High Level Group, a committee of defense officials who set nuclear policy for the alliance, had not come up with any new ideas. Carter, who could be impatient, complained to colleagues after attending NATO debates on nuclear policy, "Oh my God, what does this have to do with the post-Cold War world? What can we do to move this forward?"

During this trip and again a few months later, Carter carried his colored charts to NATO's elephantine concrete headquarters near the Brussels airport. "If counter-proliferation is good for us, it's good for NATO," Carter told his Pentagon colleagues.

But European ambassadors who assembled in a conference hall to hear Carter made clear they did not want to touch anything that smacked of preemptive strikes or new kinds of bombs. That would undermine the upcoming May 1995 vote by more than 170 nations on whether to extend the nuclear Non-Proliferation Treaty, they said.

With the NPT vote on the line, the Europeans declared, the time had come to emphasize diplomatic programs to curb nuclear proliferation—not new weapons.

Carter did persuade NATO to begin a step-by-step program to develop its own counter-proliferation mission and to pool intelligence about new nuclear weapons threats around the world. The allies agreed to embark on a large-scale classified analysis on new threats, with Carter and a French colleague as co-chairmen. After that, they would consider whether they needed new weapons to fight the threats, the ambassadors agreed.

The most basic questions remained unresolved: Who were the enemies? What was the purpose and scope of U.S. and European nuclear weapons policy? As difficult as those questions were to answer in Brussels and Vienna, they were even more daunting—and more urgent—in Moscow and Beijing, the capitals of America's two potential 21st-century nuclear rivals.

NEXT: The nuclear triangle

Good Am. Speech

THE PRESIDENT HAS SEEN

5/5

Barack

Speech

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 5, 1995

REMARKS BY THE PRESIDENT
TO THE NATIONAL BUILDING AND
CONSTRUCTION TRADES DEPARTMENT CONFERENCE

Washington Hilton
Washington, D.C.

10:20 A.M. EDT

THE PRESIDENT: Thank you very much. Ladies and gentlemen, thank you for that wonderful welcome. Thank you, Bob Georgine, for that fine introduction. All the distinguished affiliated presidents up here on the platform, and all of you out there in the audience -- and I thank those of you who brought your children. Since most of what we're doing and a lot of what I have to say is about them, I'm glad to see them here.

I forgive the person in the back who shouted, "UCLA." (Laughter.) I told the Gridiron Dinner the other night at the Press Club -- I said, my worst nightmare was a final with Arkansas and UCLA. My worst nightmare -- the team I love against a team with 54 electoral votes. (Laughter and applause.)

It was a great tournament, a great game. They won it fair and square, and I congratulate them.

You know, a lot of us here have a lot in common. Bob and I have something in common. We were both raised by strong mothers who believed in hard work and optimism and practiced what they preached and made sure that we practiced what they preached. It was our first lesson in organized labor. (Laughter.)

I'm deeply honored to be here with you today. I want to thank you for the support that you have given to our programs to train America's workers for the future. I believe that good, strong unions and collective bargaining can help us to meet the challenges that are just ahead if all of us are willing to embrace those challenges and to do what has to be done to make sure that we compete and win in the global economy.

That's why one of the very first thing I did as President was to rescind the anti-union executive orders of the last 12 years -- (applause) -- and why, last month, I also signed an executive order which bars federal agencies from doing business with companies that hire permanent replacement workers. (Applause.)

I have been saying as I'm going around the country that we know what works in our own lives. What works in our own lives is when we are well-educated, well-trained, we work hard, and we work together. There is no future in this country in pitting management against labor. All of us are caught up now in a common destiny in the global economy. All of us will have more job security or more job insecurity, as the case may be, depending on how well we adapt to the challenges of today and tomorrow.

That is the way we have to look at this. We are going up or down together. And it is time we stop looking for ways to be divided, one from another, and start at looking harder for how we can resolve these divisions in an open and honest way so we can get about

MORE

the business of building our future. That's what we ought to be doing in this country, and that's what I'm trying to do for you every day at the White House. (Applause.)

I look at the unions represented here -- the carpenters, the painters, the bricklayers, the electricians, the others -- you built our home, our cities, our factories, the biggest industrial system in the world. You have built our country, and then you have had to rebuild our country. One of the greatest wonders I have seen since I have been President is the swift handiwork of your members who rushed in after the natural disasters, from Florida to the Midwest to California. You did a very good job. And we now are doing a better job with our Emergency Management Agency to try to make sure we do our part and the money gets out there to rebuild places who are torn down through no fault of their own.

Many of you have become heroes to folks whose lives were devastated in those disasters, who wouldn't have a bridge to cross a river, or roads to get them to work, or offices to work in, or roofs over their head if you hadn't worked hard to make sure that the American Dream could be restored.

All through 1992 when I was out running for President, I met a lot of people who wondered about the state of the American Dream, including construction workers, farmers, office workers, mothers and fathers. I talked with them and listened to them; I worked with them. I walked a picket line with them at the Caterpillar Workers in Illinois. (Applause.) What I found was that most people felt that they were out there on their own, struggling against forces that were bigger than they were without anybody very much concerned about what was going to happen to them.

I ran for President because I felt strongly that the end of the Cold War and the dawn of the Information Age gave us opportunities for peace and prosperity; gave our children opportunities to live out their dreams never before known in human history; but that we also had some very, very profound challenges that unless they were faced, the American Dream for all of our people would be at risk.

I wanted to make sure that middle-class Americans and their children were not forgotten. I want to make sure that poor people would have chance to work their way into the middle class. I wanted to make sure that we could keep alive opportunities for entrepreneurs to become wildly successful without forgetting that this country was built and this will country will endure by the broad middle class, and by the fact that they work hard, play by the rules, raise their children and deserve to be rewarded for it, and must be rewarded for it if we're going to keep the American Dream alive. That is why I ran for this job. (Applause.)

I also, very frankly, ran to challenge middle class America, because there are many things that government cannot and should not do. The most important things in the world to us -- our commitments, our values, our work, our family, our communities -- by and large operate independent of the government.

Today we're having a great debate here in Washington about what role our national government should play, and how far we can go in working together and moving together. Really, the debate has been going on for at least 15 years now -- a debate that, frankly, I'm getting kind of tired of. An old debate that defends government at every turn; a new debate that attacks government at every turn. An old view that says we should spend more on everything; a new view that says we should spend less on everything. An old view that said we should do more of everything; a new view that says we should do less of everything. Both views defy our

common experience, our common sense, and what we see about what's working not only here in the United States, but around the world.

What works is when the government, in my judgment, focuses on four things: First of all, creating economic opportunity -- jobs -- working for better jobs and higher incomes, and demanding responsible behavior from citizens in return.

I had an economic meeting in Atlanta last week, and Hugh McColl, from North Carolina, the chairman of NationsBank, pointed out that about that time, he said, tonight your basketball team and mine are going to have a basketball game. And the referee is going to throw the ball up, make sure the playing field is level, enforce the rules, and otherwise get out of the way. And that's about what the government ought to do. But we have to make sure the playing field is level -- (applause) -- that there are rules that are enforced, and we get out of the way. (Applause.)

The second thing that we have to pay attention to is the security of our people -- our security from attack from abroad, and our security from within. I'm proud of the fact that since I have been President, for the first time since the dawn of the nuclear age there are no Russian missiles pointed at the children of the United States of America. I am proud of that. (Applause.) But I know and you know that our security is also threatened by crime and violence and drugs on our streets. And our security is also threatened by the things which are breaking our families apart and punishing people who are doing their best to do the right things.

That's why we worked so hard to pass that crime bill with 100,000 police on the streets, and with prevention programs to give our kids something to say yes to; and why we should not walk away from our commitment to putting 100,000 police on the street. Violent crime has tripled in the United States in the last 30 years; the police forces have expanded by 10 percent. You don't have to be a rocket scientist to know that we could lower the crime rate if we did what city after city after city is doing now and put more police on the block, working with kids, trying to prevent crime and catch criminals quicker. And we must not back away from that commitment to our security. (Applause.)

And there is another element to our security, too. It's what happens to families. Are we really going to reward work? Are we going to permit people to be successful workers and successful parents? Most places today, whether they're single-parent or two-parent households, all the parents are working. That's why I fought so hard for the Family and Medical Leave Act. I saw that as a question of family security -- why I want to see all the children in this country immunized; why in the economic plan last year we insisted that we give tax breaks for families with incomes just above the poverty line so we would not encourage anybody to slip back into welfare, and because nobody who works full-time and has children in the home should live in poverty in this country. If you work hard, you ought to be able to have a decent life. (Applause.)

The third thing we have to do is to reform the government. We do have to change it. It ought to be smaller. It ought to be less bureaucratic. We ought to give more decisions back to the state and local government. We ought to give more decisions back to private citizens in their own lives. We ought to have government that meets tomorrow's problems, not yesterday's.

That's why we've worked hard at deregulation and why we have given more responsibility to states in the area of welfare and health care reform than -- in two years -- than the last two administrations combined did in 12 years. We have been the administration that has pushed the decentralization of authority for solving a lot of our problems. And we've reduced the size of

government. There are over 100,000 fewer people working for the federal government today than there were on the day I became President.

And we have also decided that we have to solve some problems too long ignored. In a little-known action at the end of the last Congress, there was a reform in the United States pension systems which saved the pensions of 8.5 million working Americans who were in danger of losing their pensions, and protected the pensions of over 30 million more. We still have work to do, and when we have to do it, we should do it well. (Applause.)

The fourth thing we have to do -- and maybe the most important of all -- is to help our people make the most of their own lives by making sure that everywhere -- everywhere -- we have a system of lifetime education and training that will permit people always to find work and always to compete and win in the global economy. That is what I think the job of government is -- create jobs, get better paying jobs, increase the security of the American people, make the government smaller and less bureaucratic, but do the job that has to be done, and give people the skills they need to make the most of their own lives. That should be our road map.

If we could create opportunity, and we can insist on more responsibility from the American people -- and I believe that strongly; that's what welfare reform is all about -- we'll help you if you're in trouble, but not for a lifetime. You've got to go to work sometime. I think that's what child support enforcement is all about. If you've got the money, you ought to be taking care of your kid, not asking the taxpayers to do it. That's what enforcing the -- (applause.) That's what enforcing the student loan program is all about. I increased the availability of student loans, but when I became President it was costing you \$2.8 billion a year because people weren't paying the loans back. We've cut that down to a billion dollars a year. If people borrowed money from the government to go to college, they ought to pay it back when they get a job so other kids can borrow the money when they come along. (Applause.)

I have called this new arrangement the New Covenant. What it means to me is simple: The government should try to create more opportunity, but the citizens of this country are going to have to behave more responsibly in seizing it. And if you put the two together, there will be no stopping the United States.

Now, if you look at what's been accomplished in the last couple of years, I think the most important thing is that we have changed the direction of economic policy in this country. We went beyond the old debate. There's no more tax and spend, but there's not more trickle-down, either. This is invest and grow economics. And look at the results. (Applause.)

Two years ago when we were fighting for the economic plan, the people who were against it said the sky would fall. If the President's plan passes, the economy will be wrecked. Everything will be terrible. Some said I was cutting too much. Some said it was an error to raise taxes on the wealthiest Americans to put against the deficit because that would hurt the economy. Well, two years later, we have over 6 million new jobs and the lowest combined rates of unemployment and inflation in 25 years. (Applause.)

In reducing the deficit by \$600 billion, we took \$10,000 in debt off the future of every family in the United States. In cutting taxes for 15 million working families, this year, on average, families with two kids with an income of \$25,000 a year or less will pay about \$1,000 less in taxes than they would have if that economic plan hadn't passed. We made it possible for our country to say, if you work 40 hours a week and you have a child in your home, you will not be in poverty. That is important, folks. If you want people to

get off welfare, we have to reward work. And it's also why, by the way, we ought to raise the minimum wage -- because people can't live on it. (Applause.)

And we didn't just spend more money on everything. We cut 300 programs, and the new budget I proposed cuts or consolidates 400 more.

We've also done what we could to help those of you in labor who have been taking responsibility all along. Last year, the AFL-CIO listed all the bills supported by organized labor that I signed into law. As of last fall, there were 32 of them -- motor voter, Family and Medical Leave, the assault weapons ban, to name just a few. Laws that increased our security as workers, parents and citizens.

But, you know, in spite of all this, there's still a lot more to do. I have people all the time come up to me in kind of bewilderment and say, well, things are going well in my business. Things are going well for our country. This country is in better shape than it was two years ago. Why are people still so negative about the future of the country? When you ask people what about the direction of the country, they say they are worried. I was interviewed by a magazine the other day saying their annual readers poll said that people understood that things were getting better, but they were more worried about their personal security than ever before. Why is that?

Well, there's a reason for that. The global economy has imposed new challenges and new burdens on our country and every wealthy country in the world, and runs the risk in our country of literally splitting apart the American idea. Let me explain what I mean by that.

From the time I was born at the end of World War II until the year I was elected governor of my state for the first time, 1978, the American people moved forward in absolute lock-step. That is, if you break the economy into people who are in the lowest 20 percent and the second and so forth on to the top 20 percent, all of them had about the same increase in their incomes. Incomes roughly doubled in America from 1950 to 1978 evenly across the board, except the poorest 20 percent had an increase of 140 percent. So we were all going forward and we were actually coming together.

Since 1978 that's all changed. Wages have been stagnant and not kept up with inflation on average for hourly-wage earners. And in the last 15 years, half of the American people are now living for the same or lower earnings that they were making 15 years ago when you adjust for inflation. Why? Because of the way the technology revolution and the global economy, where management and money and technology can fly across national borders, have divided opportunity, so that people with high levels of skill in growth industries tend to do well, and people with lower skill levels tend to get hurt. And then, if our government walks away from its obligations to invest in our future, even more people get hurt.

The other thing that's happened is because the economy is changing so fast, even a lot of people that are doing well today think they're waiting for the other shoe to drop. So many big companies getting smaller all the time. You ought to read my mail about it. People my age, even young people I grew up with -- not so young anymore -- writing me, saying, you know, I've worked for this company for 25 years; I've got to send my kids to college; we're doing great now, but what happens if they lay me off?

So there is this uncertainty in our country today, even though we are clearly in better shape than we were two years ago. We've turned away from the false choice between tax and spend and

trickle-down economics. We're moving in the right direction. The question is, how can we get everybody involved in the American Dream? How can we reward everyone's work? How can we make people more secure in living with all these changes that are rifling through the world? That is the burden that I carry to the office every day, because I know -- I know that if everybody in this country had a chance to live their lives the way most of you have lived your lives and raised your kids, this country would be fine, and our future would be unlimited.

The key to the 21st century, more than anything else, is clearly, education for young people, lifetime job training for adults. It is clear that if we can raise the skill levels of our people, constantly and permanently, and continue to change the job mix so that we're always getting America's share of those high-wage jobs, we can keep the American Dream alive and we can stop the middle class from splitting apart, so that everybody can grow and prosper. That is our great challenge. And that is the one we must not walk away from.

You have been working on this for years. You've had opportunities to train a new generation of builders. I want to especially commend the outreach programs that you've had with the Housing and Urban Development Department, reaching deep into our cities, taking thousands of young people from housing projects, teaching them the skills and clearing away the obstacles to job opportunities. You have done some things that the government could not do. And I thank you for that. I know that Bob really cares a lot about this outreach program because he spent his own early years in housing projects in Chicago. This is the kind of partnership we need more of.

For government's part, we have to do more, as well. In 1994, the educational experts said that the United States Congress, in passing our education program, did more for education than had been done in Washington in 30 years. We expanded Head Start. We established the Goals 2000 program, which writes the national education goals into law, but gives our local schools more flexibility in how they spend federal money to achieve excellence. We dramatically increased the number of programs around our country for apprenticeships from young people leaving high school who aren't going on to college. And we expanded the availability of college loans to the middle class, at lower cost and better repayment terms.

And of course, our national service program, AmeriCorps, is now bigger than the Peace Corps ever was. And there are 20,000 young people all across America working in community service projects, doing things that need done and earning funds to go on to college.

Those are the kinds of things we must do more of. Those are the kinds of things that are important. That's why I said a moment ago that if we work on education and we work on incomes, the rest of this will pretty much take care of itself, I think. That's why I hope the Congress this year will not only raise the minimum wage, but with all this tax cut talk, we can't afford a lot of these tax cuts. We've got too big a deficit. But we ought to give the middle class a break. And the most important thing we could do is give people a tax deduction for any costs they or their children have for any education after high school, because that will raise incomes over the long run. (Applause.)

Let me just ask you one other thing I want you to think about. There are a lot of exciting things going on in this town these days. And as I said, we are debating the role of government. But there must be a distinction made. If you don't believe in tax-and-spend economics, and you don't believe in trickle-down economics, and you do believe in invest-and-grow economics, and you've seen how

it is working the last two years, then you also have to reject this debate that we should spend more money on everything or we should spend less money on everything.

We have to make judgments up here based on what is important. Therefore, I would say, let's cut more spending. I have cut and cut and cut, and I want to cut some more. We've got to get this budget deficit down further. We can bring this budget into balance, and we can do it in a fair way. But we have to make judgments. We should not be cutting Head Start. We should not be cutting aid to the public schools. We shouldn't be cutting the apprenticeship programs. And we certainly shouldn't be limiting the availability of college loans to the middle class. We shouldn't be adding to the cost of college education for working families.

These are proposals that I think are wrong. We shouldn't be eliminating national service. And we certainly shouldn't be doing all these things either to pay for a tax cut for the wealthiest Americans or because we refuse to find other things to cut. That is wrong. Let's make decisions, and let's do it right, and let's stick up for education and training. (Applause.)

And you have issues in this Congress -- Bob referred to one of them, the Davis-Bacon law. We need to make this economy more competitive. But we need more high wages. We don't need a low-wage strategy. We need a high-wage strategy for the future. We need a high-wage strategy. (Applause.)

Like every other law, it shouldn't be abused. We should not pretend it's something it's not. But it is a decent thing to say that the government should stand on the side of good wages and the real wages in the community that are good and fair.

I've made appointments, like Bill Gould to the National Labor Relations Board, and Fred Feinstein to be the General Counsel, who now have given you a board that believes in the process of collective bargaining and one that believes we can be fair to workers. These are the kinds of things that we ought to do if you believe our future is in working together.

I'm not for repealing Davis-Bacon. (Applause.) I also believe that we should not walk away from our commitment to safety in the American workplace. (Applause.) In 1993 there were more than half a million construction injuries, and over 900 fatalities. We can reform OSHA in ways that you feel better about it, and employers feel better about it, where it works better and makes more sense, and helps you get more jobs and gain more income, and helps them make bigger profits. But we cannot walk away from the fundamental fact that before we were committed to worker safety, a lot more people died in the work place; a lot more people were permanently maimed in the work place; a lot of more people were hurt in the work place. There is a right way and a wrong way to reduce the burden of government.

I could just -- let me mention one other thing that affects some of your industries. I believe with all my heart if we hadn't passed the environmental protection legislation in the 1970s, the air would not be as clean, the water would be as pure as it is today and the legacy we're going to pass along to our children would not be as good. I believe that. I also believe, like any government bureaucracy, there are things about the EPA that ought to be changed. So we're going to more market-based incentives to give companies incentives to clean up the environment. And Carol Browner, our Administrator, is reducing by 25 percent the paperwork burden of the EPA. It will free up 20 million man-hours of work next year. That's a lot of time in a lot of industries that all of you work in.

We're trying to give small businesses a break. We're saying to small businesses -- I was at a union print shop in Virginia a couple of weeks ago to announce this -- if you worry about whether

you've got an EPA violation and your afraid to call because you're afraid they'll fine you, now we're going to set up a compliance center, and if you call there and ask, if you ask, you can't be fined for six months. And you're going to be given a chance to clean up the problems.

I think we can change the way government regulation works to make it less nutty. But let's not forget that we have a common public interest in a safe workplace. We have a common public interest in a clean environment. And we have a common public interest in having a high-wage, high-growth partnership economy -- (applause) -- not a low-wage, stagnant, divided economy. (Applause.)

So I say to you, engage the members of Congress. Tell them you welcome the debate about the role of government. But government has certain responsibilities: first of all, to change and get rid of the past stuff that doesn't work; to create more opportunity; to provide more security; to insist on more responsibility, but to give people the education and training and skills they need to make it in the 21st century.

I'm telling you that if we take advantage of this time, if we keep the economic strategy that we have adopted -- that I hammered through the Congress by the narrowest of margins, with all the doubters saying, well, we had to either have tax-and-spend or trickle-down, and I knew this was the right thing to do -- if we will stay with this economic strategy, and then, aggressively go after strategies to raise wages, raise incomes, educate and train people, and if we don't throw out the baby with the bath water, this country is going to do just fine.

I am looking for a future for America like the ones most of us who are my age in this audience used to take for granted. And we can give it to our kids, but only if we are tough enough and wise enough and compassionate enough to do what we know in our heart is right. You help, we'll do it.

Thank you, and God bless you. (Applause.)

END

10:55 A.M. EDT

STRENGTH IS SEEN IN A U.S. EXPORT: LAW ENFORCEMENT

COLD WAR TO CRIME FIGHT

But Some in Congress View
Shift Overseas as a Drain
on Local Police Needs

By DAVID JOHNSTON

AI

WASHINGTON, April 16 — American law enforcement agencies are rapidly expanding overseas, deploying agents to dozens of countries in scores of joint investigations. Next week, the Clinton Administration is planning to open an F.B.I. international police training academy in Budapest, one of the most ambitious projects in this effort.

American law enforcement is being exported in response to the surge of international terrorism, narcotics trafficking, links between terrorists and drug dealers, illegal immigrant smuggling, financial fraud, corruption, arms smuggling, money laundering and the potential theft and sale of nuclear material and chemically or biologically hazardous substances.

Global crime is not new, nor are instances of international police cooperation. But international crime is increasingly being redefined as a national security issue at a time when there are threats to the stability of governments in the former Eastern bloc, of civilian populations in Japan and of national economies in the Andean nations. As a result, Government officials say the Clinton Administration is redirecting the manpower and resources of law-enforcement and related agencies to confront international crime as never before.

Under statutes that provide Federal law enforcement agencies with jurisdiction in crimes against American citizens overseas, United States agents are working on terrorism cases in the Gaza Strip, Pakistan and the Philippines. In countries like Mexico, the Federal authorities are planning broader joint counternarcotics operations.

The new efforts involve not only traditional crime-fighting bureaucracies like the F.B.I. and the Drug Enforcement Administration but also the State Department and Central Intelligence Agency. For the C.I.A. in particular, crime-fighting offers a way to try to justify its overseas networks and keep its budget intact in the post-cold war world.

For the F.B.I., the initiatives represent a more direct expansion of its traditional activities. But while the new moves have generally found bipartisan support, some lawmakers have expressed skepticism about the emphasis on international issues, viewing it as a drain on domestic law enforcement. At a recent hearing, Senator Ernest F. Hollings, a Demo-

Continued From Page A1

crat from South Carolina and a member of the appropriations subcommittee responsible for the F.B.I.'s budget, criticized the deployment of agents overseas.

"This bothers me," Mr. Hollings told Louis J. Freeh, the F.B.I. Director, at a recent hearing. "I need more agents down here on 14th Street," he said, referring to a crime-ridden neighborhood in the District of Columbia.

Mr. Freeh, who as a Federal prosecutor in the 1980's helped break up a vast Sicilian Mafia heroin ring with close cooperation of the Italian authorities, is a principal advocate of overseas law enforcement. Last year, Mr. Freeh opened an F.B.I. office in Moscow, one of an overseas network of 24 such offices, forward command posts for an increasingly global detective agency. He has also been a driving force behind the Budapest training academy, an operation to be housed in a building complex donated by the Hungarians, financed with State Department and F.B.I. funds to be approved by Congress and modeled on the F.B.I. training academy in Quantico, Va.

Mr. Freeh said the 37 recent cases in which the authorities discovered illicit shipments of radioactive material transiting former East bloc countries provided a powerful rationale for the Budapest school.

"There couldn't be a better reason to have a centrally located school where we can develop a network of police partners in countries where we do not have now those relationships," he said in an interview.

The new efforts go far beyond existing international arrangements, like Interpol, a worldwide police alliance that some law enforcement officials regard as little more than a communications network for alerting other countries about fugitive cases.

In recent months, the United States has begun a law enforcement project with Mexico to expand joint investigations with the Drug Enforcement Administration and the F.B.I. to stanch the torrent of Colombian cocaine shipped through Mexico.

The project is focused on four of the largest Mexican drug transportation cartels, patterned after the Colombian organizations, which haul drug shipments across the border and which are suspected of using a portion of the millions of dollars in illegal profits to pay off police and justice officials in Mexico.

In February in Pakistan, the capture of Ramzi Ahmed Yousef, the suspected ringleader of the World Trade Center bombing, opened a window on an international manhunt that took F.B.I. agents to three countries. The trail that led to Mr. Yousef in Pakistan began in Manila, where F.B.I. agents investigated what the authorities said was Mr. Yousef's involvement in a plot to bomb American jetliners. That connection sent agents to Tokyo to examine a Philippine airliner that had been bombed en route to Japan in what law en-

forcement officials suspect was a dry run by Mr. Yousef and his confederates.

In the Gaza Strip, F.B.I. agents are examining the suicide car bombing last Sunday that killed seven Israelis and an American student. Other agents are examining the killings of two United States Consulate workers in Karachi in March, while others have been sent to Japan study the implications for the United States of the poison-gas attack on the Tokyo subway system, also in March.

Even the suspects on the F.B.I.'s list of "Ten Most Wanted Fugitives" is taking on an international cast. When it was first introduced in 1950, the list included car thieves, kidnapers and bank robbers. Last month,

Increasingly, the U.S. war on crime is being fought on foreign ground.

the F.B.I. added three new names to its roster, all foreigners: Juan Garcia Abrego, the chieftain of Mexican drug cartel, and Abdel Basset Ali Al-Megrahi and Lamen Kahlifa Fhimah, the two Libyan intelligence operatives wanted for the bombing of Pan Am flight 103 that killed a total of 270 people in 1988 as it flew over Lockerbie, Scotland.

An unofficial State Department survey completed this year found that eight American law enforcement agencies employ 1,649 people permanently assigned overseas. The Drug Enforcement Administration employs 499 agents in 50 countries, the United States Customs Service has 323 employees abroad and the F.B.I. has 121 employees overseas.

Secretary of State Warren Christopher, a former Deputy Attorney General, announced in January that law enforcement would be a top foreign policy priority for the State Department, and assigned it to Assistant Secretary Robert S. Gelbard, the Assistant Secretary for narcotics and law enforcement affairs.

The Pentagon has provided aircraft and sophisticated radar gear to track drug shipments from South America and more recently has provided linguists and intelligence analysts to support antinarcotics efforts. Mr. Freeh, the F.B.I. Director, said in Congressional testimony last month that a total of 460 military personnel worked on 135 drug investigations — often helping the authorities translate intercepted communications.

As part of the fight against illegal drugs, the Central Intelligence Agency has also expanded its role from assembling information about drug trafficking to providing law enforcement officials with intelligence on worldwide organized-crime organizations and their vulnerabilities.

"With the growth of international crime, neither crime nor corruption are local matters anymore," said Jonathan M. Winer, a Deputy Assistant Secretary of State for narcotics and law enforcement affairs.

"The weaknesses of a small haven in the Caribbean or Central Europe wind up being exploited by criminal organizations which can move money, people and goods from one end of the planet to the other regardless of

how any government may feel about it. To protect ourselves, we need to help other nations develop the structural capacity to deter their exploitation by criminals."

In the former Eastern bloc, organized-crime groups that evolved from black-marketing organizations in the Soviet system had a powerful advantage over the civilian authorities in emerging democracies. The repressive tactics that controlled political dissent were also used to deter crime; and when the old regimes collapsed; so did the structures used to control lawlessness.

In some cases, the civilian authorities have had no training in specific areas like complex financial crimes.

"First you have to explain to them what a credit card is and then what a bank account is," said one law-enforcement official involved in training programs. "Then you start talking about wire transfers and Ponzi schemes and people start looking at you like an idiot."

The F.B.I. school, the outgrowth of trip that Mr. Freeh and other officials took to Eastern Europe a year ago, is in a former police academy in a residential section of Budapest. Eight-week classes will be taught by agents from American law-enforcement agencies and other European countries. The school is intended to educate middle managers of police agencies in Eastern and Central Europe and the former Soviet republics in such areas as criminal detection, managerial techniques and the democratic application of laws.

Philip B. Heymann, the former Deputy Attorney General and State Department official who has worked on criminal justice projects in countries like South Africa and Guatemala, said that the overseas initiatives of American law-enforcement agencies were worthwhile, but that they also reflect an inevitable tendency among bureaucracies to expand their turf.

"Every domestic agency likes to have its own foreign policy," Mr. Heymann said. "It's the one situation where you do not have to actually make something work. All you have to do is teach and talk and deal."

He said advocates of the training academy should calibrate their hopes for the institution to the realities of the countries that will produce its students.

"What to American eyes appears to be lack of competence that can be solved with training is often really the problem that no one wants law enforcement to work," he said, suggesting that corruption may not be overcome by professional instruction.

Continued on Page A8, Column 1

THE PRESIDENT HAS SEEN 5/5

~~McCurry / Sorin~~
Good piece
worth making again
no doubt Be

Journal

FRANK RICH

Tin Cans and String

Republicans could have a lot of fun with last Saturday's Democratic fund-raiser at Steven Spielberg's home, where Hollywood couples paid \$50,000 each to dine with Bill and Hillary Clinton, listen to Robin Williams's shtick and chow down on populist vittles like fried chicken. What more perverse weekend to schedule such an event than the one in which the President ended his 100-day silence to re-emerge as the champion of the middle class?

Awkward as this symbolism was, even more embarrassing is how little the Democrats have to show for their ostentatious synergy with the most powerful and imaginative minds in the pop-culture industry. Bill Clinton may draw campaign checks from the DreamWorks moguls, but it is the G.O.P. that cannily milks the machinery of the mass media to pound out its message.

"We're tin cans and string by comparison," said Senator Christopher Dodd in a conversation last month shortly after he and some Democratic colleagues emerged shell-shocked from a private multimedia presentation of the G.O.P.'s communications prowess. When the Republican Party wants to speak, it not only exploits the electronic megaphones of blast faxes, the Internet and the many Limbaugh dittoheads of talk radio, but also its own weekly TV series, "Rising Tide," its own daily "Today" show (Pat Robertson's allegedly nonpartisan "700 Club") and its own unofficial 24-hour-a-day TV network, NET.

Don't snicker at G.O.P. TV. Slick and well financed, it will outlast CBS's prime-time schedule. "Rising Tide," which is now seen on the WOR superstation and has a potential of 55 million viewers, is a faux-news talk show that is less irritating than some of its Sunday morning counterparts. The anchor and "managing editor" is none other than the Republican chairman, ol' Haley Barbour, whose unflappable folksiness suggests Dan Rather on Prozac. The easy-listening guests include the House's new budget czar, John Kasich, who jokes that "Elvis is in fact a Republican," and majority whip Tom DeLay, who raises questions like "What is Chelsea going to ask President Clinton when she can't buy a house because she's spending 84 percent of her income to pay off his joyride?"

NET — which now refers to itself as the "political news talk network," not National Empowerment Television — is more polished than C-Span

and is pitched to the same news-junkie audience. Its propaganda is subtle. In one recent "news" segment, the only Democratic Congressmen seen complaining about the Contract With America were minorities — presumably representing special interests. In an episode of "The Progress Report," co-host Newt Gingrich bantered about the Internet with the Librarian of Congress, James Billington. Since their conversation was both informative and non-ideological — and since the professorial Mr. Billington paid tribute to the Speaker — the show made the most partisan of politicians look Presidentially above the fray.

The Democrats' inability to match such Republican theatrics in the video arena has been obvious since the

The Democrats' muddled message.

health-care fiasco, when "Harry and Louise" ruled. Even though the influential Hollywood agent Michael Ovitz offered to lend top executives to create a counterattack, the White House never got its act together.

Jay Rockefeller, the West Virginia Senator whose frustration mounted during the health-care wars, is now in charge of the Democrats' effort to catch up. In an interview, he noted that Tom Daschle, the minority leader, who gave him the assignment, "recognized that we were 8 to 1 behind the Republicans in message delivery." As Mr. Rockefeller talked of methodical long-range plans, involving Hollywood and Silicon Valley input, he could point to one early success: the school-lunch media event that threw the Republicans on the defensive for the last three weeks of the first 100 days.

But as Congress went into recess and the President headed toward his fat-cat dinner last weekend, the Democrats were still flogging school-lunch cutbacks in the televised response that Senator Daschle and the House minority leader, Richard Gephardt, delivered on Friday (from a classroom no less) after Mr. Gingrich's address. The medium may not be the entire message in politics, but how far can the Democrats get as long as they have a shortage of both?

What's stunning
about hell

THE PRESIDENT HAS SEEN

5/5

Maggin

Richard Cohen

As the Gap Widens

Is capitalism heading for a crackup? On the face of it, the question is absurd. Communism is no more—gone, kaput, discredited. So, to an extent, is its more benign variant, socialism. The free-market system is not only triumphant, it is resplendent. Governments are getting out of the way of entrepreneurial man and his yen to make a buck—or, if he is wise, a yen. Still, evidence is accumulating that something is going wrong.

In the United States, and to a lesser extent elsewhere in the developed world, the gap is growing between rich and poor. The New York Times trumpeted that fact on its front page recently, but the story is hardly new. The trend was first pointed out to me years ago by Wallace Peterson, an economics professor at the University of Nebraska. He coined the term "Silent Depression" to describe what was happening. For many Americans, real income (factored for inflation) has been declining since the early 1970s.

Take a look at these numbers: Since 1973, the yearly wages of high school dropouts have declined 23.3 percent. Those of high school graduates are down 17 percent and even workers with some college—but no degree—have fallen by 7.3 percent. Only the wages of college graduates are up—by 5.2 percent. That's not a whole lot, but it's better than the poke in the eye the other categories have gotten.

At the same time, the rich are getting richer. One percent of the nation's richest households has 40 percent of the country's wealth. The gap between rich and poor is widening to the extent that

Britain is now much more egalitarian than this country. In Britain, the richest one percent of the population has only 18 percent of the wealth. The way things are going, "Upstairs, Downstairs" could someday be set in America. More and more Americans are living in the basement.

The causes of both the income gap between rich and poor and the declining wages of countless blue-collar Americans are both complicated and not entirely understood. Foreign competition has played a role and so has the inability of unions to maintain high wage rates. Technology has displaced many workers, sometimes putting them out of work, sometimes moving them into lower-paying jobs. And, yes, government policies have played a role. The tax breaks of the Reagan years certainly did not help the poor.

Egalitarianism is a dirty word in some circles, particularly conservative ones. It suggests government intervention on behalf of the less well-off—the graduated income tax, among other things. Uncle Sam takes from the rich and gives to the poor. The trend nowadays is just the opposite. If anything, the government is said to have no claim on anyone's money—or so says Rep. Bill Archer (R-Tex.), chairman of the House Ways and Means Committee. His position, now both ascendant and typical of House Republicans, is that the government should just get out of the way.

And so it has—or is doing. Tax rates are going lower, with the largest deductions possibly going to those who need it least. Capital gains taxes are probably on the way down, too. This will benefit

those among the poor who own stocks, bonds, art, property and the occasional market derivative. The tax rate may even go flat, so that everyone will pay the same percentage—the rich and the poor sleeping equitably under this fiscal bridge. As for the very poor, they are being driven off welfare and told to seek jobs that usually pay even less.

None of this, of course, attacks the problem of income disparity. It only makes it worse. In fact, nowhere in the vaunted Contract With America is a single item designed to reverse the trend—not through job training, not through education and not, especially, through income redistribution. The contract, really, was drawn up by a political establishment reliant on the affluent (for both votes and contributions) who will benefit from it. If you're rich, what goes around truly does come around.

The unsettling conclusion is that a whole lot of Americans are in boats that are not being lifted by the general economic prosperity. In due course, they will vent their unhappiness at the polls. Before that they will turn, as they have been doing, on the poor, the black, the immigrant and others—seeking the scapegoats that their political leaders say, falsely, are at the root of their misfortune. Maybe later they will reject the notion that government is good for nothing, that it should not intrude in the nation's economic life.

Franklin Roosevelt, claimed by almost all politicians now as their hero, knew something that much of the present political class has forgotten: It takes a little socialism to make capitalism work.

Yet - we could have said
therefore we were right on

① EIC
② R+Tg
and an opinion

① Min. wage
② Worker Training
③ R+Tg

someone should
be...
another
Carmen

THE WASHINGTON POST
THURSDAY, APRIL 20, 1995

Be

THE PRESIDENT HAS SEEN

5.4.95

THE WHITE HOUSE

WASHINGTON

May 3, 1995

95 MAY 3 AIO : 29

MEMORANDUM FOR THE PRESIDENT

FROM: DOUG SOSNIK

SUBJECT: MAYORAL RESULTS

DENVER

Denver City Councilwoman Mary DeGroot (D) made a surprisingly strong showing in yesterday's open mayoral primary, finishing in a virtual dead-heat with Denver Mayor Wellington Webb. DeGroot edged ahead of Webb in the final tally by 61 votes, winning with 42.8% to Webb's 42.7%. The two will now face each other in a June 6 run-off. Webb failed to energize the African-American and Hispanic voters in the northern and western parts of Denver, while DeGroot benefited from a higher turnout in the predominantly white southeast part of the city. Overall turnout was a paltry 38%. The Webb camp believes that DeGroot has received a free ride in the media thus far, and plans to immediately attack her effectiveness and competence as a council member.

LAS VEGAS

Las Vegas Mayor Jan Jones (D) dominated her field of no-name challengers, garnering 72% of the vote and winning a second term, outright. We have sent a call sheet to the Vice President asking him to congratulate her on her win.

RENO

Former Library Director for Washoe County (Reno) Martha Gould (D) edged Republican businessman Jeff Griffin by 1400 votes in Reno's low-profile mayoral primary. Since none of the five primary candidates received over 50% of the vote, the two will face each other in a June 6 general election.

↑ saw Gould
her opponent

- **Justice May Appeal To Supreme Court In VMI Single-Gender Education Case:** By Wednesday April 26, the Justice may file for a writ of certiorari in United States v. Commonwealth of Virginia (VMI), where the 4th Circuit approved Virginia's plan to create a separate program for women at Mary Baldwin College, called the Virginia Women's Institute for Leadership. Justice will argue that offering a different type of single-gender educational program relies on impermissible stereotypes, that this remedy is at odds with Supreme Court cases prohibiting denial of opportunity based on generalizations that most women would not benefit.
- **Harassment Of Female Police In Ormond Beach, Florida.** On April 20, Justice will file United States v. City of Ormond Beach, Florida, alleging that city police have engaged in a pattern of sexual harassment and retaliation against female employees.
- **First Criminal Environmental Justice Prosecution.** In U.S. v. Herman W. Parramore, Jr., et al., on April 12, in the first criminal prosecution under the Environmental Justice Initiative, Herman W. Parramore, Jr., entered a guilty plea to two felony counts, for the knowing illegal discharge of untreated acidic substances into the Tifton Georgia Public sewer system and storage of vast quantities of hazardous wastes without a RCRA permit.
- **Dismissals Of Habeas Corpus Petitions Follow Standard In Matter of Chang.** Federal District Courts in 3 different jurisdictions recently dismissed a combined 31 habeas corpus petitions filed on behalf of Peoples' Republic of China (PRC) nationals who had based their asylum claims on China's coercive family planning policy. In all cases, the courts agreed with the decision of the Board of Immigration Appeals in Matter of Chang, which held that enforcement of China's coercive family planning policy does not form a basis for asylum unless the applicant can show that he or she was the target of enforcement on account of his or her race, religion, nationality, political opinion, or membership in a particular social group. These dismissals follow related decisions in the 5th and 4th Circuit Courts of Appeals holding that Matter of Chang is the proper standard.
- **Beer Labeling:** On April 19, the Supreme Court in Rubin v. Adolph Coors Co. held, in a unanimous opinion, that the Section of the Federal Alcohol Administration Act of 1935, which prohibits beer labels from displaying alcohol content, violates the 1st Amendment. The Court recognized that the government has a substantial interest in preventing "strength wars" among beer brewers. The Court also determined that the government's interest could be served by other means that would be less restrictive than a labeling ban, such as by limiting the alcohol content of beer. The opinion of the Court was written by Justice Thomas.
- **Mexico Seizes 10 Tons Of Marijuana.** On April 3, Mexico's Institute for Combatting Drugs (INCD), with support from the U.S. DEA, seized 10 tons of marijuana and arrested 4 defendants in Mazatlan, Mexico.

Leon
united
to dismiss
this
B.

THE PRESIDENT HAS SEEN

5/4

COPY

THE WHITE HOUSE

WASHINGTON

April 28, 1995

SCHOLARS' DINNER ON YOUTH VIOLENCE

DATE: May 2, 1995

LOCATION: Residence

TIME: 7:30PM-10:30PM

From: Bill Galston w/ Rahm Emanuel

This was great
I should sign letters
of thanks to them

BZ

I. PURPOSE

+ Dorskind
You will meet with twelve experts on youth violence to explore the dimensions of this problem, its causes, and possible community and government responses.

II. BACKGROUND

You recently approved the idea of a series of "scholars' dinners" to be organized by Bill Galston along the lines of the January Camp David meeting on citizenship and civil society. The pervasive effects of youth violence--and the high level of public concern about it--makes this an appropriate topic for the first of these dinners.

III. PARTICIPANTS

A. Invited Guests

Prof. Elijah Anderson, University of Pennsylvania
Prof. John DiIulio, Princeton University
Prof. Felton Earls, Harvard University
Prof. Amitai Etzioni, George Washington University
Prof. James Fox, Northeastern University
Sister Jeanne Marie Gribaudo
Chief of Police Clarence Harmon, St. Louis
Vice President Joyce Ladner, Howard University
Prof. Sara McLanahan, Princeton University
Prof. Deborah Prothrow-Stith, Harvard University
Prof. Terry Williams, New School for Social Research
Prof. Marvin Wolfgang, University of Pennsylvania

B. White House Staff

Leon Panetta
George Stephanopoulos
Rahm Emanuel
Bill Galston
Bruce Reed
Jack Quinn
Karen Pittman
Kumiki Gibson

IV. PRESS PLAN

No press coverage.

V. SEQUENCE OF EVENTS

See Overview Memorandum (Briefing Book, Tab 1) for the detailed schedule and proposed agenda.

VI. REMARKS

You will not be required to deliver any formal remarks. Talking points are attached for possible use in welcoming the guests and kicking off the organized conversation.

Attachment: Talking Points

SCHOLARS' DINNER ON YOUTH VIOLENCE
TALKING POINTS

o I want to welcome you all to the White House and to thank you for sharing your wisdom and expertise with me, the Vice President, and members of our staff.

o We are gathered to discuss one of the most vexing problems facing our nation--the rising tide of youth violence that has disrupted the lives of too many schools, neighborhoods, and families around our country.

o Most of our young people are good and decent and trying to do the right thing. As Prof. Wolfgang has said, the small fraction of boys (just 6 percent) who are chronic offenders account for more than 50 percent of all arrests. Still, the trendlines are up in recent years--particularly for crimes of violence.

o There are many views on why this is happening. The decline of urban economies and rising joblessness; family breakdown; neighborhood and community disintegration; peer pressure; drugs; ever-more lethal weapons; a sometimes ineffective criminal justice system; cultural change--all these and more have been cited by experts and public officials as contributing to youth violence. I hope we'll have a chance to explore all of these and more this evening.

o There are at least as many views on how we should respond, and I hope we'll explore them as well. Let me make just one general point: I believe our response must involve, not just **governments**, but also **communities**--parents, neighborhood groups, religious institutions, foundations . . . all parts of what is called civil society. The core question is how public discussion and public action can help catalyze a national response that engages our entire society on behalf of our young people.

o I have long believed that our most important task as a nation is to give every young person a chance to grow up healthy and safe and to develop his or her God-given talents to the fullest. For whatever reason, we're not yet doing that, and youth violence is one of the most visible signs of our failure. We must do better, and I'm counting on you to help show us the way forward.

o Now I'd like to ask the Vice President to offer a few introductory remarks.

THE WHITE HOUSE

WASHINGTON

May 4, 1995

MEMORANDUM FOR MIKE MCCURRY

THRU: JOHN PODESTA

FROM: JIM DORSKIND

SUBJECT: V-E DAY, 1995

Attached are copies of the President's message for THE FIFTIETH ANNIVERSARY OF THE ALLIES' VICTORY IN EUROPE, V-E DAY, 1995, which you may want to release to the media. The observance is May 8, 1995.

Thank you.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

THE FIFTIETH ANNIVERSARY OF THE ALLIES' VICTORY
IN EUROPE

V-E Day, 1995

As we commemorate the fiftieth anniversary of V-E Day, a grateful nation remembers all of the brave Americans who served in World War II.

In the spring of 1945, after almost six years of fighting, the war in Europe came to a dramatic close. As word of German General Jodl's surrender in Reims spread around the globe, celebrations broke out from New York and London to Paris and Moscow. Still, celebrations were tempered as President Truman reminded a worldwide radio audience that the war was not yet won. Many thousands more were yet to die fighting for the principles we hold so dear.

Half a century later, as Americans gather to mark the triumph over fascism and tyranny in Europe, we remember all those who fought to preserve our liberty. We honor our distinguished veterans -- those who came home and those who did not return. We also honor their families -- those who contributed to the battlefield victory through their efforts and prayers on the home front. These valiant men and women toiled to support and defend the cause of freedom fifty years ago, and they succeeded in preserving its blessings for generations to come. On behalf of Americans everywhere, I salute these heroes. They have our eternal gratitude.

Best wishes to all for a memorable observance.

WILLIAM J. CLINTON

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THE WHITE HOUSE

WASHINGTON

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Bill Clinton

Court rules EPA can't require ethanol in gas

The Associated Press

WASHINGTON — In a blow to farmers, a federal appeals court ruled Friday that the government can't require corn-based ethanol as an additive in a cleaner-burning gasoline now sold in 17 states.

The cleaner, reformulated gasoline has been on the market since January under an Environmental Protection Agency directive to help reduce smog-causing pollution from motor vehicles.

The gasoline burns cleaner and emits 20 percent less pollution because of higher levels of oxygen. But there has been a bitter dispute over what kind of oxygen additive should be used — ethanol from corn or the petroleum-based methanol derivative MTBE.

At stake are hundreds of billions of dollars.

Agriculture groups estimate that a 30 percent market share of the oxygen additive — as the EPA had sought to impose — would require 650 million gallons of ethanol a year with annual revenue to farmers and related industries of up to \$1.5 billion.

The EPA had wanted to assure that ethanol, an environmentally friendly and renewable product, be allowed a substantial market share even though refiners generally favor the petroleum-based MTBE. The EPA rule issued last year would require ethanol to be at least 30 percent of the oxygenate.

But the U.S. Court of Appeals, which last September put a temporary hold on the EPA's ethanol mandate, ruled Friday that the agency had gone beyond its authority in setting a minimum market share for ethanol.

The three-judge panel concluded that while the EPA had "the authority to set a standard" for cleaner gasoline under the 1990 Clean Air Act, it couldn't "mandate the manner of compliance or the precise formula" for the fuel.

The ruling was in response to a lawsuit filed by the petroleum industry, which had argued that the Clinton administration had bowed to political pressures from farm states to promote the ethanol industry while providing no additional environmental benefits. Ethanol, the suit argued, also is more expensive because of higher transportation costs.

EPA Administrator Carol Browner said in a statement that she was disappointed by the court decision. "Renewable energy sources like ethanol offer important environmental benefits," Browner said. She said no decision had been made on whether to appeal to the Supreme Court, but legal experts said an appeal was unlikely.

Farm and ethanol industry groups said the decision wouldn't mean an end to ethanol as a gasoline additive. Agriculture Secretary Dan Glickman said the administration planned to examine whether the farm bill in Congress might be used to help the ethanol industry.

Even without the EPA's mandate, "ethanol market share has significantly increased... and has created a choice for consumers unhappy with MTBE," said Eric Vaughn, president of the Renewable Fuels Association, an ethanol trade group. He said ethanol is used in about 11 percent of the nation's fuel, both reformulated gasoline and motor fuel used in farm regions.

"This will sharpen our focus and force us to redouble our efforts," said Rod Gangwish, president of the National Corn Growers Association. He said there are 43 ethanol plants, five more than just two years ago, producing 1.4 billion gallons annually. Six plants are under construction.

While MTBE is the predominant oxygenate for reformulated gasoline, the petroleum industry does use ethanol in some parts of the country, primarily in the Midwest where it is readily available.

But the MTBE itself has been the focus of controversy. People have complained because reformulated gasoline — no matter what oxygenate is used — is more

expensive than conventional gasoline.

There have been complaints in New Jersey, Alaska and Wisconsin that MTBE is making people sick. The EPA and petroleum industry have said there is no evidence that MTBE is any more

harmful than gasoline in general and that the reformulated gasoline actually has fewer toxic chemicals.

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SPORTSWEAR

- 33 SILK SHORT SETS
ORIG. \$54 WERE \$13. NOW \$8
- 5 LACE & SATIN VESTS
ORIG. \$48 WERE \$3. NOW \$2
- 7 PLATINUM SPORTSWEAR
ORIG. TO \$108
WERE TO \$24. NOW TO \$16
- 11 ON THE VERGE SPORTSWEAR
ORIG. TO \$64
WERE TO \$21. NOW TO \$14
- 3 CAMBRIDGE SHIRTS
ORIG. \$60 WERE \$13. NOW \$8
- 42 CORTIVA TOPS & PANTS
ORIG. TO \$38 WERE TO \$5. NOW TO \$3
- 74 PARK PLACE TOPS
ORIG. \$36 WERE \$12. NOW \$8
- 12 GROCHET VESTS
ORIG. \$44 WERE \$9. NOW \$6
- 5 GLORIA VANDERBILT TEE'S
ORIG. \$24 WERE \$3. NOW \$2
- 7 SAG HARBOUR SILK PANTS
ORIG. \$30 WERE \$4. NOW \$2
- 8 ESR TWILL SKIRTS
ORIG. \$30 WERE \$6. NOW \$4
- 17 BETTER EMB. SHORT SETS
ORIG. \$96 WERE \$23. NOW \$15
- 7 HANDWOVEN SILK VESTS
ORIG. \$56 WERE \$16. NOW \$11
- 42 CAROLE LITTLE SPTS.
ORIG. TO \$78
WERE TO \$39. NOW TO \$26
- 31 RICHARD & CO. KNIT SPTS.
ORIG. TO \$98
WERE TO \$49. NOW TO \$32
- 21 JENNIFER L SILK BLS.
ORIG. \$25 WERE \$8. NOW \$5
- 10 BETTER SILK JACKETS
ORIG. \$175 WAS \$58. NOW \$38
- 42 FAVORITE DESIGNER SPTS.
ORIG. TO \$98
WERE TO \$30. NOW TO \$20
- 22 BETTER LINEN SHORTS
ORIG. \$54 WERE \$14. NOW \$9

FURS

- 1 RANCH MINK JKT SIZE 8
ORIG. \$5500 WAS \$1390. NOW \$926
- 1 INDIGO FOX JKT SIZE 6
ORIG. \$6000 WAS \$1390. NOW \$926
- 1 MAHOGANY MINK SIZE 10
ORIG. \$5500 WAS \$1390. NOW \$926

DRESSES & SUITS

- 4 "SIDDY" DRESSES
ORIG. \$89 WERE \$29. NOW \$19
- 9 ANDREA GAYLE DRESSES
ORIG. \$89 WERE \$29. NOW \$19
- 3 FLORAL PAINT SETS
ORIG. \$100 WERE \$22. NOW \$14
- 4 SCHRAEDER DRESSES
ORIG. \$120 WERE \$40. NOW \$26
- 3 FANCY SOCIAL DRESSES
ORIG. \$170 WERE \$8. NOW \$5

SPECIAL SIZES

- 15 ELIZABETH SPORTSWEAR
ORIG. TO \$145
WERE TO \$16. NOW TO \$10
- 10 WOMEN'S GW SPORTSWEAR
ORIG. TO \$64
WERE TO \$21. NOW TO \$14
- 27 PETITE PARK PLACE
ORIG. \$30 WERE \$10. NOW \$6
- 6 CAROL LITTLE PETITES
ORIG. TO \$66
WERE TO \$11. NOW TO \$7
- 8 LESLIE FAY PETITES
ORIG. \$40 WERE \$2. NOW \$1
- 2 PETITE LINEN DRESSES
ORIG. \$110 WERE \$55. NOW \$36

MEN'S

- 18 MENS SUITS
ORIG. TO \$500
WERE \$147.50. NOW \$98
- 15 DRESS SHIRTS
ORIG. \$27 WERE \$4. NOW \$2
- 11 SILK SLEEP SETS
ORIG. TO \$85
WERE TO \$44. NOW TO \$29
- 8 SUPPLERS
ORIG. TO \$13 WERE \$2. NOW \$1
- 4 LUGGAGE
ORIG. TO \$180
WERE TO \$53. NOW TO \$35
- 77 KNIT & WOVEN SHIRTS
ORIG. TO \$70
WERE TO \$21. NOW TO \$14
- 15 FOOTBALL LOGO TEES!
ORIG. \$32 WERE \$7. NOW \$4
- 19 FOOTBALL LOGO CAPS
ORIG. \$15 WERE \$6. NOW \$4
- 48 WOVEN SPORTSHIRTS
ORIG. \$42 WERE \$34.90. NOW \$23
- 9 WOVEN SPORTSHIRTS
ORIG. TO \$42
WERE TO \$29.99. NOW TO \$20

JUNIOR'S

- 10 VESTS
ORIG. \$36 WERE \$10. NOW \$6
- 6 DENIM SKIRTS
ORIG. \$26 WERE \$8. NOW \$5
- 30 A GROUP OF SHORTS
ORIG. TO \$40
WERE TO \$13. NOW TO \$8
- 15 TUBE TOPS
ORIG. \$16 WERE \$5. NOW \$3

CHILDREN'S

- 11 BOYS SLACKS
ORIG. \$27 WERE \$5. NOW \$3
- 8 BARNEY TODDLER TEE'S
ORIG. \$12 WERE \$3. NOW \$2
- 4 TODDLER BOYS SHORT SETS
ORIG. \$16 WERE \$5. NOW \$3
- 15 GIRLS PRINT JEANS
ORIG. \$19 WERE \$9. NOW \$6
- 9 GIRLS SIZE 7-14 SHORTS
ORIG. \$22 WERE \$11. NOW \$7

LINGERIE

- 2 CHRISTIAN DIOR ROBES
ORIG. \$130 WERE \$43. NOW \$28
- 2 VANITY FAIR ROBES
ORIG. \$24 WERE \$16. NOW \$10
- 5 LUCIE ANN CAMUSSES
ORIG. \$18 WERE \$10. NOW \$6

SHOES

- 30 CHA-RAVE LINEN PUMP
ORIG. \$84 WERE \$30. NOW \$20
- 14 ASST. J. RENEE SHOES
ORIG. TO \$85
WERE TO \$30. NOW TO \$13
- 6 ASST. FERRAGAMO
ORIG. TO \$205
WERE TO \$68. NOW TO \$45
- 8 LINEN ESPADRILLES
ORIG. \$48 WERE \$2. NOW \$1
- 31 WASHABLE LEATHER SHOES
ORIG. \$30 WERE \$12. NOW \$8

ACCESSORIES

- 120 HANDBAGS
ORIG. TO \$110
WERE TO \$69.90. NOW TO \$46
- 11 WALLET'S ON A STRING
ORIG. \$16 WERE \$6. NOW \$4
- 27 SUSPENDERS
ORIG. TO \$13
WERE TO \$5. NOW TO \$3
- 84 COWBOY TIES

SPORTSWEAR

- 11 KNIT TOPS
ORIG. TO \$14 WERE TO \$5. NOW TO \$3
- 8 JORDAN L/S PRINT TOPS
ORIG. \$48 WERE \$20. NOW \$13
- 13 SAVE THE CHILDREN VESTS
ORIG. \$38 WERE \$19. NOW \$12
- 7 ESR BTH. FRT. TWILL SKIRTS
ORIG. \$30 WERE \$10. NOW \$6
- 10 PRINT SKIRTS
ORIG. \$24 WERE \$8. NOW \$5
- 9 LESLIE FAY SPORTSWEAR
ORIG. \$40 WERE \$4. NOW \$2
- 7 CHALIS SEPARATES
ORIG. TO \$40
WERE TO \$13. NOW TO \$8
- 6 SILK NOILE TEE'S
ORIG. \$34 WERE \$6. NOW \$4
- 23 PRINT FLAIR SKIRTS
ORIG. \$32 WERE \$8. NOW \$5
- 10 PRINT CAMP SHIRTS
ORIG. \$34 WERE \$11. NOW \$7
- 12 IN GROUP SEPARATES
ORIG. TO \$80
WERE TO \$18. NOW TO \$12
- 24 FAVORITE DESIGNER SPTS.
ORIG. TO \$110
WERE TO \$24. NOW TO \$16
- 8 ALLISON TAYLOR VESTS
ORIG. \$56 WERE \$10. NOW \$6
- 10 I.B. DIFFUSION SHORTS
ORIG. TO \$10.
WERE TO \$10. NOW TO \$6
- 4 SUNNY LEIGH SILK BLS.
ORIG. \$64 WERE \$9. NOW \$6
- 8 RICHARD & CO. KNITS
ORIG. TO \$164
WERE TO \$15. NOW TO \$10
- 5 HOWARD WOLF SPOR
ORIG. TO \$184
WERE TO \$32. NOW TO \$21
- 10 HOWARD WOLF BELT
ORIG. TO \$70
WERE TO \$35. NOW TO \$23
- 24 SUSAN BRISTOL SKI
ORIG. TO \$60
WERE TO \$30. NOW TO \$20
- 22 BETTER CTN. TWILL PANTS
ORIG. \$60 WERE \$4. NOW \$16
- 15 BETTER KNIT PANTS
ORIG. \$54 WERE \$9.90. NOW \$25
- 19 CAROLE LITTLE SPTS.
ORIG. TO \$88
WERE TO \$44. NOW TO \$29

DRESSES & SUITS

- 3 CARINA SOCIAL DRESSES
ORIG. \$139 WERE \$69. NOW \$46
- 3 PRINT DRESSES
ORIG. \$139 WERE \$66. NOW \$44
- 4 LINEN NOILE DRESSES
ORIG. \$49 WERE \$55. NOW \$36
- 2 PRINT 2 P. DRESSES
ORIG. \$29 WERE \$29. NOW \$19
- 4 IN THE MOOD DRESSES
ORIG. \$2 WERE \$63. NOW \$42

SPECIAL SIZES

- 3 PETIT ROCADRE SUITS
ORIG. \$160 WERE \$64. NOW \$42
- 3 PET DRESSES
ORIG. \$84 WERE \$37. NOW \$24
- 5 WOMEN'S PRINT DRESSES
ORIG. \$49 WERE \$26. NOW \$17
- 3 WOMEN'S S. MARTIN DRESSES
ORIG. \$89
WERE \$19. NOW \$12
- 5 WOMEN'S RAFAELLA SKIRTS
ORIG. \$56 WERE \$12. NOW \$8
- 6 WOMEN'S DUNNEN SEPARATES
ORIG. TO \$72
WERE TO \$24. NOW TO \$16
- 3 CAROLE LITTLE PETITES
ORIG. TO \$98
WERE TO \$26. NOW TO \$17

PHOTOCOPY
PRESERVATION

Sales Slowdown Worsened for Big Auto Makers in April

By JAMES BENNET

DETROIT, May 1 — Most auto makers reported today that their sales plunged in April, in the most striking of four consecutive monthly declines, dashing their hopes that warm weather, stable interest rates and fattened incentives would bring buyers back to showrooms.

Several companies, including the Chrysler Corporation and the Honda Motor Company, posted double-digit percentage decreases from a strong month a year earlier. Auto makers controlling two-thirds of the United States market reported sales today, and not one major company reported an increase.

Over all, auto sales fell an estimated 9.2 percent in April from the corresponding period a year earlier.

"It's scary," said Jack Kirman, an auto industry analyst at Salomon Brothers in New York. "These are like recession numbers."

The dismal performance seemed likely to bolster Chrysler's efforts to convince restive investors that it needed to set aside \$7.5 billion in cash to see it through the next economic downturn, which until recently seemed a distant danger.

While the General Motors Corporation said today that it would increase its quarterly dividend by 50 percent, to 30 cents a share, John F. Smith Jr., G.M.'s president and chief executive, warned that investors

should not expect another increase soon because the company wanted to be sure it could pay the full amount through the next downturn.

"We'll revisit the dividend issue in the future, but we're going to apply a rigorous standard of sustainability in considering any future increase," Mr. Smith said.

The Big Three auto makers have been producing vehicles at high rates in anticipation of stronger demand this year than last. Now, with a third of the year gone, the slack pace of sales means that the companies will probably have to cut production and increase their rebates and other sales incentives in order to clear out the rising inventories.

The surprisingly weak numbers sent

analysts scrambling to explain why the industry's sales appeared to be slowing more than the economy as a whole. The national economic growth subsided in the first quarter from the torrid growth of late 1994.

"We were anticipating slowing, but the business has been below most people's expectations," said Paul D. Ballew, economist with the Detroit branch of Federal Reserve Bank of Chicago, referring to the auto sales figures. But, he said, "the macroeconomic fundamentals still point to a recovery."

Mr. Ballew said a substantial jump in monthly interest payments for vehicle

Continued on Page D6

The Woes of a Weak Dollar What's Good for Exporters Isn't Good for Everyone

By LOUIS UCHITELLE

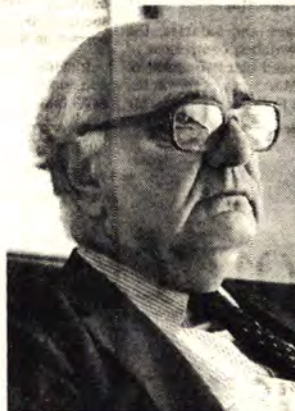
For all the advantage to exporters in this country, the sharp decline of the dollar in recent months is beginning to hurt American companies in their efforts to expand abroad. It also threatens to reverse the gains they have made against foreign competitors in the last decade.

Companies looking to raise their presence abroad through acquisitions are finding the price increasingly prohibitive. Consider the Wall Street financier Sanford I. Weill's ill-fated bid for the brokerage arm of Barings P.L.C., the insolvent British investment bank. Mr. Weill traveled to London in March to negotiate the acquisition, only to watch as "the value of our bid fell by 4 percent in a single week." The Dutch firm ING, bidding in strong guilders, won.

Or consider Stephen R. Hardis, vice chairman of the Eaton Corporation of Cleveland, who reluctantly canceled an expansion strategy that American multinationals have pursued for years. Eaton wanted to buy a big German company to manufacture its electrical controls and auto parts. But the falling dollar made such a purchase too costly. "We will have to expand in Germany slowly, through exports," Mr. Hardis said. "That is far less effective than having a local presence."

Closer to home, some voices are warning that the enfeeblement of the dollar might undo much of the cost-cutting that has been the guiding principle of corporate America for more than a decade.

Stephen S. Roach, chief economist at Morgan Stanley & Company, thinks 1995 could be as much a turning point for corporate America as 1985. In that year, the resurgent dollar peaked at more than 3 marks and 250 yen, crimping American sales overseas. Finding themselves underpriced by their European and Japanese competitors, Amer-



Fred R. Conrad/The New York Times

Paul A. Volcker, left, says, "We have dug ourselves a kind of hole that we can no longer easily get out of." The financier Sanford I. Weill, right, has found out first hand the difficulties of doing business abroad when the dollar is weak.



Chester Higgins Jr./The New York Times

Strong Yen Shortchanges Japanese

By SHERYL WUDUNN

TOKYO, May 1 — With the yen up 19 percent against the dollar in the last three months, the prices of imports from soup to nuts to socks and watches should be sliding, leaving Japanese consumers doing a grateful jig in the store aisles.

But it is not working out that way. While a few companies, like Chrysler and McDonald's, are shaving prices, most are taking advantage of the dollar's weakness against the yen rather than passing the benefit along to consumers.

The United States had hoped that the rising yen would reduce Japan's stubborn trade surplus by allowing Americans to fire a volley of cheap products at Japan. But by the time the goods land in Japanese stores, they have fil-

tered through the nation's sprawling, inefficient distribution system, which preserves jobs and entrenched interests.

Even at today's exchange rate here — 84.10 yen to the dollar late this afternoon — they are often not cheap enough to dazzle the Japanese consumer.

"We don't feel that the prices in Japan are falling at all," said Kazuyuki Hamada, a consultant whose house is chock-a-block with goods acquired during a stint in the United States. "Only when we go abroad can we enjoy the power of the yen."

The production price of oil is tumbling, but Japanese consumers find utility and gasoline prices as high as ever, and bus and taxi fares are rising. Japanese rents, though they have dropped since the economy sagged in the early

Continued on Page D6

Top Officers Are Ousted From Barings

21 Held Responsible In Huge Trading Loss

By RICHARD W. STEVENSON

LONDON, May 1 — More than 18 months after Nicholas W. Leeson put Barings P.L.C. into bankruptcy by losing \$1 billion trading on the direction of Japanese stocks and bonds, the new owner of the British investment firm today laid responsibility for the debacle on 21 top executives and said they would leave the firm.

The Internationale Nederlanden Groep N.V., which acquired Barings after its collapse in February, said the 21 executives had "functional responsibility" for the Singapore office's trading in derivatives, which was run by Mr. Leeson.

But the Dutch company, known as ING, gave no indication of how much, if anything, any of the 21 executives might have known about Mr. Leeson's trading, or whether any of them encouraged him to participate with him in an investment strategy that went ruinously wrong. Barings collapsed after Mr. Leeson made huge purchases of Japanese stock and futures in an investment strategy that had never been fully explained.

The departures announced today amounted to a housecleaning that swept out everyone who had direct or indirect responsibility for Mr. Leeson's trading without any distinction for degrees of blame. Those departing included the top ranking officials in Singapore, seven executives in Tokyo and eight top executives in London.

Mr. Leeson, a 28-year-old Briton, remains in jail in Germany, where he is fighting an extradition request by Singapore. The Singapore authorities filed papers with a German court last week seeking his extradition and laying out the preliminary case against him. The papers were not made public, but the German authorities said the charges included fraud, embezzlement and forgery.

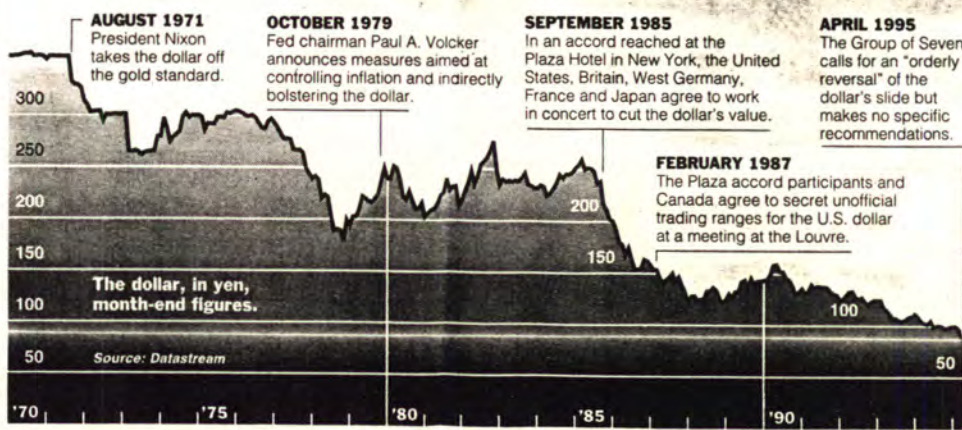
Mr. Leeson is fighting the extradition request, and no decision by the German courts is likely before late summer or fall. Mr. Leeson's lawyers have said he would prefer to be tried in Britain.

But the Serious Fraud Office in Britain, which continues to investigate the collapse of Barings, said today that it had "insufficient grounds at the moment" to seek to have Mr. Leeson extradited. The British authorities had previously said they might seek to have Mr. Leeson sent to trial in Britain rather than Singapore if they could tie his actions to a conspiracy or possible wrongdoing by his superiors here.

In a statement today, Hessel Lindbergh, the ING executive who now oversees Barings, said an internal review had "confirmed that the problem stemmed from Singapore was extraordinary and endemic."

ING had previously said it would await the results of a regulatory inquiry over

Continued on Page D10



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Grace New Chief, Costs Remain

Grace elected the former executive of American Costello, to succeed J. P. chief executive who has struggled. He suggested that Mr. Costello's raised more questions than he had that the extraordinary taken Grace over the past it be resolved. Wall Street the news, pushing Grace's to \$52.25. D4.

Genetech Purchase

Roche will not exercise its option to acquire the balance of Genetech by a June 30 deadline, but has extended the purchase option by four years. News of the postponement sent the stock up \$2.50, to \$47.875. As part of the deal, Roche will acquire rights outside the United States to the company's existing drugs, as well as development. In return, Roche will pay Genetech \$98.75 a share. D4.

Work Force

lay off 4,700 workers, or 10 percent of its work force, by the end of the year, which will generate pre-announced layoffs. The company's stock fell \$1.75 a share. D4.

Join Boycott of Iran

er called on the allies to join the economic sanctions of their country as an "outlaw" of hundreds of millions of dollars. He offered what he said was a "realistic" approach to the nuclear weapons. A6.

Iran boycott appears in the news would need to persuade companies from the oil as well, and that the company's stock fell \$1.75 a share. D5.

ies are likely to bear the brunt of the loss, losing some 3,000 jobs. The company's stock fell \$1.75 a share. D5.

ending Rise

ming subsidies, incomes fell in March than it had in two months of 1 percent. D2.

rculation Drops

est metropolitan dailies in the country, circulation fell in March than it had in two months of 1 percent. D2.

ampaign for Scent

The image of a nude man posed on a star is the centerpiece of an advertising campaign for the Lancaster Group USA to introduce another brand into the fractionated American men's fragrance market. Lancaster is spending \$1 million on the campaign. D9.

to Western Resources

former managing director of the company, will become an executive of Western Resources, advising the company's chief executive of the company's stock fell \$1.75 a share. D10.



*Janet - The
cover memo is*

WALTER DELLINGER *new*
ASSISTANT ATTORNEY GENERAL

OFFICE OF LEGAL COUNSEL
U. S. DEPARTMENT OF JUSTICE

Watto
SUITE 5224
(202) 514-2051

U. S. Department of Justice

Office of Legal Counsel

THE PRESIDENT HAS SEEN
5-3-95

Washington, D.C. 20530

May 1, 1995

MEMORANDUM TO THE ATTORNEY GENERAL

From: Walter Dellinger *WSD*
H. Jefferson Powell

Re: Romer v. Evans

Heckler/Leon
on the merits
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BC,

This is a revised and expanded version of our earlier memorandum suggesting a basis upon which the United States could file an amicus brief in Romer v. Evans. In Romer, the Supreme Court will review a decision of the Colorado Supreme Court striking down as unconstitutional "Amendment 2" to the Colorado Constitution. That amendment would (among other things) prohibit any agency of state or local government from addressing any claim of discrimination based on homosexual orientation.

We believe that there is a simple and compelling argument that could be made against the constitutionality of this provision that was not considered below. We suggest making a common-sense argument based on the plain language of the Fourteenth Amendment that would protect a basic right of every American. The simple proposition we would urge is this: **A State may not make any set of persons completely ineligible for state or local protection against any form of discrimination, known or unknown.**

We understand that there inevitably will be some controversy surrounding the filing of any brief that supports the respondents' side of this case, no matter what argument it makes. (Note that the respondents include the cities of Denver, Boulder and Aspen, in addition to individuals who allege that they would be harmed by the provision.) Notwithstanding this controversy, we believe that a strong case can be made for filing such a brief. That case rests on three basic propositions.

First, the argument we propose is right in principle and is more likely to command a majority of the United States Supreme Court than the analysis offered by the Colorado Supreme Court. Put another way, we believe that there is a possibility of making a real difference in this case.

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Second, it is important for the United States to participate because Amendment 2 contradicts one of the most fundamental propositions of our constitutional law: that no person or group can be excluded from the protection of the laws.

Third, the argument we propose is entirely compatible with the Justice Department's continued vigorous defense of the military's policies concerning gay and lesbian service members. Anyone concerned that the Supreme Court could decide Romer in a way that would undermine that defense should welcome the filing of a brief making this argument, because doing so will provide the Court with a sound basis for striking down Amendment 2 that does not depend on identifying the special characteristics of gays and lesbians but instead is based on an equal protection principle that is genuinely universal in its application. (We believe that notwithstanding the universality of the proposition we would argue, both gay and lesbian groups and counsel for respondents would welcome participation on this basis by the United States.)

1. The proposed brief will present an alternative and more persuasive argument than those advanced by the court below.

The Colorado courts relied primarily on a series of cases beginning with Hunter v. Erickson, 393 U.S. 385 (1969), which they read as creating a broad right to "heightened scrutiny" for certain groups seeking "equal participation in the political process." While this interpretation of those cases has some support in the scholarly literature, we doubt whether a majority of the Justices are likely to be persuaded. The Colorado court's reading of the Hunter line of decisions is far from indisputable, and the nature and existence of boundaries to the state court's reasoning are quite unclear.

The Hunter approach, whatever its outer limits, originated in cases dealing with racial discrimination, and any argument relying on it unavoidably suggests that the argument being made is, in the end, one about whether gays and lesbians should be treated as a suspect class. To the extent that the argument against Amendment 2 rests (or appears to rest) on an analogy between racial minorities and gays and lesbians, the argument is less likely to attract a majority of the Justices, and renders problematic the Department's defense of the military policy.

"Political participation" arguments based on Hunter, moreover, sometimes confusingly sound as if they are based in part on the fact that the provision in dispute was adopted by a popular referendum. Attacking (or appearing to attack) the people's referendum process is, needless to say, very divisive and controversial. That issue is avoided under our suggested approach. The process by which "Amendment 2" came to be part of the Colorado Constitution is clearly unrelated to the argument we would advance.

Instead of adopting the approach of the Colorado court, we think that this case should turn on a simpler argument based directly on the text and history of the Equal Protection Clause. The original purpose of the Clause, expressed quite plainly in its words ("No State

shall deny to any person within its jurisdiction the equal protection of the laws"), was to prevent the states from excluding any group from the ordinary protections their laws generally afford. The State of Colorado has decided, by adopting Amendment 2, that it will under no circumstances treat as cognizable or remediable under state law any kind of discrimination by public officers or private citizens against one named group. That decision contradicts the very heart of the Equal Protection Clause's mandate, and we would propose urging the Court to treat it as a per se violation of the Clause.

This argument in no way rests on the particular characteristics of gays and lesbians as a "discrete and insular minority." The argument therefore does not raise even implicitly the controversial question of whether sexual orientation should be given heightened judicial scrutiny, and by its own logic does not extend beyond purposeful state decisions to exclude a specified group -- any specific group -- from legal protection.

That this approach has not been suggested before may reflect the fact that the Colorado provision is novel and perhaps unique. Unlike the Cincinnati provision litigated earlier in Equality Foundation which involved a law merely purporting to ban "preferential treatment" of gays and lesbians, the Colorado provision takes the extraordinary additional step of expressly prohibiting consideration of any "claims of discrimination." Such a literal, per se violation of the Equal Protection Clause is virtually unprecedented in American history.

→ *Why we make this distinction in our brief?*

2. Understood along the lines proposed in the draft argument, the Romer case involves a fundamental premise of American constitutional law, one that includes within its protections all Americans and which therefore is inclusive rather than divisive.

The principle on which the Administration would be taking a stand is not limited to any single group, but applies across the board: under this interpretation of the Clause, a state would be equally unable to single out any group of Americans -- the physically disabled, the elderly, religious groups, smokers or non-smokers, gun owners or non-gun owners, whoever -- and determine, across the board and in advance of any and all complaints about discriminatory treatment, that it was not even going to entertain such complaints.

The proposed argument thus is not an argument about "gay rights" because it would and should be equally applicable to similar, deliberate decisions to withdraw or impair the protection of state law of any identifiable group. Some doctrines that have arisen in the area of equal protection -- such as the question of extending the "strict scrutiny" accorded racial classifications to some additional groups but not others -- are (ironically) divisive in that they set some groups apart from others. The principle for which the United States would be arguing in this case, in contrast, has no such consequence. Its very universality and simplicity, we think, render it both legally plausible and relatively free of controversy.

3. The proposed argument is completely consistent with a continued and vigorous defense of the military policy.

Although technically separable from the constitutional issues posed by the military policy, the legal questions raised by the Colorado court's approach in Romer are at least in tension with the government's defense of the policy. Although in form the state court's "fundamental rights" approach did not require it to decide that sexual orientation should be a "suspect" classification, the court's approach required both it and the litigants to weigh the same sorts of arguments that arise in the suspect classification realm. Analogous arguments are directly relevant to the constitutionality of the military policy, and it is difficult to argue against Amendment 2 along the lines adopted by the Colorado court without implicitly putting in question the government's justifications for the military policy.

At the same time, the very need to defend the military policy counsels United States involvement in Romer. As framed by the parties and the state court, the decision in Romer is likely to have some impact on the continued viability of the military policy. By filing a brief making the proposed argument, the United States will offer to the Court a possible resolution of Romer that in no way affects the military policy's validity.

A brief making this suggested argument would read something like the attached draft.

ROMER V. EVANS

Draft Argument Summary
May 1, 1995

INTRODUCTION

This case presents an important yet quite narrow issue: is the Equal Protection Clause of the Fourteenth Amendment violated when a state directs that no agency of state or local government may take any action to protect the rights of an identifiable group against any form of private or public discrimination directed against that group. The resolution of this case does not require the Court to consider whether to expand the set of classifications that this Court has determined to be "suspect" and subject to heightened scrutiny under the Equal Protection Clause. Nor does it require the Court to rule on the existence or scope of a general constitutional right of "equal participation" in the political process. This case concerns instead the literal meaning of the Fourteenth Amendment's express command that "[n]o State shall . . . deny to any person within its jurisdiction the equal protection of the laws."

In defending the constitutionality of Amendment 2, the State of Colorado necessarily asserts the power of a state to decide, in as sweeping and unlimited a fashion as possible, that neither it nor any of its agencies will protect in the future an identifiable group against harmful discrimination regardless of the nature, source, form or justification of that discrimination. The language and history of the Equal Protection Clause as well as this Court's cases interpreting the Clause, we submit, demonstrate the untenability of the State's position. By disabling entirely the ordinary political processes and institutions of the State from protecting a particular, specified group against discrimination, Amendment 2 contradicts the Fourteenth Amendment's central prohibition on state decisions to exclude individuals or groups from the protections of the law.

ARGUMENT

- I. **A state constitutional provision forbidding any state or local response to any form of discrimination against an identifiable group implicates the core requirement of the Equal Protection Clause that the state extend the protection of the laws to all persons within its jurisdiction.**

This Court's equal protection decisions frequently have referred to the Fourteenth Amendment's historical roots in the national effort to protect African Americans against state involvement in hostile discrimination. [cites] As is well known, the framers of the Amendment were concerned not only with state laws that affirmatively discriminated on the basis of race, but also with state laws or policies that permitted private racial discrimination by deliberately failing to extend to African Americans the protection of the laws. See e.g., Slaughterhouse

Cases, 83 U.S. 36, 70 (1873) (tracing origin of Fourteenth Amendment to concern about public discrimination against African Americans and to the perception that "laws for their protection [that] were insufficient or were not enforced"); [cite to Hyman and Wiecek]. The Fourteenth Amendment addressed the concerns of its framers by placing on the states primary responsibility for guaranteeing to all persons the protection of the laws.¹

One theme in the early history of the interpretation of the Fourteenth Amendment is of special relevance for the present case.² From the beginning, the courts asserted that the negative wording of the Equal Protection Clause ("No State shall deny") imposed an affirmative obligation on the states, and that the Clause would be violated by a deliberate state refusal to provide equal protection to "persons and classes of persons." Missouri v. Lewis, 101 U.S. 22, 30, 31 (1879); Barbier v. Connolly, 113 U.S. 27, 31 (1884) (Amendment requires that "equal protection and security should be given to all under like circumstances"); Civil Rights Cases, [cite to discussion of failure of state common law to protect African Americans].

Denying includes inaction as well as action, and denying the equal protection of the laws includes the omission to protect, as well as the omission to pass laws for protection. The citizen of the United States is entitled to the enforcement of laws for the protection of his fundamental rights, as well as the enactment of such laws.

United States v. Hall, 26 Fed.Cas. 79, 81 (C.C.S.D.Ala. 1871) (Woods, J.). Whatever the outer limits of this principle, it is clear that a deliberate state decision to deny or withdraw the protection of the laws from a specified person or class of persons is directly contrary to the Fourteenth Amendment's fundamental purpose of requiring the states to ensure that all persons receive the protection of the laws.

Amendment 2 directly infringes this principle. Its language is as sweeping as possible: under it, no agency or entity whatever of the State of Colorado or its subdivisions may "enact, adopt, or enforce any statute, regulation, ordinance or policy" addressing "any . . . claim of

¹ Section 5 of the Amendment, of course, empowered Congress to enact legislation to enforce the requirements of the other sections of the Amendment. In doing so, however, section 5 in no way lessened the states' obligation to obey those requirements.

² Although the Fourteenth Amendment was adopted in response to discrimination against African Americans, from its earliest cases applying the Fourteenth Amendment, this Court has recognized that guarantees of section 1 of the Fourteenth Amendment, including the Equal Protection Clause, are not limited to African Americans or to racial groups. See Barbier, 113 U.S. at 359; Slaughterhouse Cases, 83 U.S. at 72. The Court's modern equal protection decisions, of course, regularly apply the Equal Protection Clause to cases unrelated to race (or related issues such as ethnic origin). See [1985 insurance case; WVa taxation case]. In doing so, the Court has sought to implement the original and historical understanding that the Clause "means that no person or class of persons shall be denied the same protection of the laws which is enjoyed by other persons or other classes in the same place and under like circumstances." Missouri v. Lewis, 101 U.S. at 31.

discrimination" based on homosexual orientation or conduct.³ By adopting Amendment 2, the State has decided, in advance and in the abstract, that it will permit no public consideration to be given nor any public remedy provided to a claim that persons within its jurisdiction are being treated unfairly because of their perceived homosexual orientation or conduct. As such, we believe that it is unprecedented in American history.

Amendment 2 is not, as Colorado portrays it, a simple decision to withdraw a particular area of potential governmental action from the power of state or local legislators; it indeed forbids the extension of general civil rights protections to include discrimination against homosexual persons, but it goes far beyond a decision to limit the interference of public law with private choice. Under Amendment 2, "no statute, regulation, ordinance or policy" can be adopted or implemented in response to differential, harmful treatment accorded someone because of his or her homosexual orientation or conduct, no matter how arbitrary the discrimination or egregious the mistreatment.⁴

Amendment 2's implications are sweeping. Not even the most detailed and specific evidence that public officials, acting without authorization by law and out of private motives, are using their discretionary authority to harm homosexual persons or to deny them generally available privileges can authorize the adoption of a regulation or the issuance of a policy to rectify such actions. State and local officials are similarly powerless to adopt any policy in response to private, discriminatory denials of the common law privileges of the law-abiding citizen if the denials are based on the citizen's homosexual orientation. Under Amendment 2, state courts would be closed to arguments that public officials were intentionally and systematically administering the laws to the disadvantage of persons because of homosexual orientation or conduct, because to accept such an argument would be in effect to "enforce [a judicial] policy whereby homosexual . . . orientation [or] conduct [would] be the basis of [a] claim of discrimination."⁵ Indeed, if upheld, Amendment 2 would prevent the enactment of a

³ Amendment 2 is of course limited by United States Constitution and by applicable federal statutes. With that caveat, however, it is as absolute and as perpetual a prohibition as the State could adopt.

⁴ We note in particular that Amendment 2 cannot be justified on the basis of other, valid state policies such as criminal law prohibitions on conduct. Under the Amendment, victims of discrimination based on homosexual orientation whose conduct is and is known to be entirely lawful cannot obtain protection against that discrimination in the form of a statute, ordinance, regulation, or policy.

⁵ In this respect, Amendment 2 contravenes this Court's early and repeated insistence that the Equal Protection Clause guarantees that "all persons . . . should have like access to the courts of the country for the protection of their persons and property, the prevention and redress of wrongs, and the enforcement of contracts." *Yick Wo*, 118 U.S. 356 at 367, quoting *Barbier*, 113 U.S. at 31. Accord, *Lewis*, 101 U.S. at 30 (no person may be denied "the equal right to resort to the appropriate courts for redress").

On its face, Amendment 2 would not prevent a state court from holding that a particular official action was arbitrary and capricious or otherwise unlawful under the relevant state laws governing the action. It seems implausible to argue, however, that the Equal Protection Clause's demand that "no . . . class of persons shall be denied the same protection of the laws which is enjoyed by . . . other classes," *Lewis*, 101 U.S. at 31, can be

statute or ordinance, or the announcement of a rule of common law, forbidding discrimination as egregious as that ruled unconstitutional in this Court's seminal decision of Yick Wo v. Hopkins, 118 U.S. 356 (1886), as long as the arbitrary exercise of governmental power was directed against the victims because of their homosexual status.⁶ Thus, under Amendment 2, neither the courts nor the legislature nor any state or local agency could offer relief under state law against officials who denied an individual, because of his or her homosexuality, equal police protection, small business loans, graduate fellowships, zoning variances, and on and on and on.

This case does not require the Court to decide what limitations, if any, the Equal Protection Clause places on state decisions regarding the organization of state government, the distribution of governmental power, or the particular processes necessary to enact laws dealing with a given subject. Colorado has announced in advance and as a general matter that no form of harmful discrimination against a specified group may be addressed by any organ of state or local government. The specified group is stripped of state law protection against forms of discrimination as yet unknown, and wholly without regard to whether such discriminations, whatever they may be, would have any legitimating purposes. By this action, the State of Colorado has flatly contradicted the Equal Protection Clause's essential mandate that the State exclude no one from the protection of its laws.

met by the observation that an individual member of a class can perhaps be given a remedy for class-based discrimination as long as he or she does not describe her injury in class-based terms.

⁶ In Yick Wo, the Court held unconstitutional the racially discriminatory application of a city ordinance under which many Chinese launderers had been denied an exemption granted virtually all white applicants. The Court stated that

[T]he facts shown establish an administration directed so exclusively against a particular class of persons as to warrant and require the conclusion that, whatever may have been the intent of the ordinances as adopted, they are applied by the public authorities charged with their administration . . . with a mind so unequal and oppressive as to amount to a practical denial by the state of that equal protection of the laws which is secured to the petitioners, as to all other persons, by the broad and benign provisions of the fourteenth amendment.

THE PRESIDENT HAS SEEN

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02-May-95

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CANDIDATES TO CONSIDER FOR APPOINTMENT TO DISTRICT FINANCIAL MANAGEMENT AUTHORITY

<u>Candidate</u>	<u>Biography</u>	<u>Pol.</u> <u>Affl.</u>	<u>Race</u>	<u>Resident</u>	<u>Congressional</u> <u>Recommendation</u>
Andrew F. Brimmer	President, Brimmer & Co. 1976-present. Member, Federal Reserve Board, 1966-74. Visiting Professor, Harvard Business School, 1974-76. Board Member, Bank of Amer., Amer Security Bank, Intl Harvester Co., United Air Lines, DuPont Co. Gannett, Mercedes-Benz of North Amer. Univ. of Washington, BA 1950, MA 1951, Harvard Ph.D. 1957.	D	Af-Am	DC	Norton
Terence C. Golden	Owner & Chair, Bailey Realty Corp. 1991-present. CFO, The Oliver Carr Co., 1989-91. GSA Administrator, 1985-88. Asst. Sec. for Administration, Treasury, 1984-85. Chair, D.C. Cttee on Public Education. Member, Federal City Council. Advisory Council, SAIS-Johns Hopkins. Notre Dame, BA 1966, MIT M.S. (nuclear engineering), 1967. Harvard MBA, 1970.	R	C	DC	Norton, Davis, Jeffords
Stephen Harlan*	President, H.G. Smithy Co. (specialized real estate firm), 1993-present. Vice Chair, KPMG Peat Marwick (director of internat'l business), 1987-93. Managing Partner, Peat Marwick (Wash. office), 1975-87. Bd Member, Economic Council on Foreign Diplomacy; Greater Washington Bd of Trade; and Medlantic Healthcare Group. Past Pres., Bd of Trade, Nat'l Capital Area Health Care Coalition. Univ. of Missouri, BA (accounting) 1959.	R	C	DC	Walsh
Joyce A. Ladner	Interim President, 1994-present; VP for Academic Affairs, 1990-94; Professor 1981-90, Howard University. Tougaloo College, BA 1964. Washington Univ, Ph.D.1968 (sociology).	D	Af-Am	DC	Norton
Constance B. Newman	Under Secretary, Smithsonian Inst. 1992-present. Director, OPM 1989-92. Director, VISTA. Commissioner, Consumer Product Safety Cmmn. Adj. Faculty, Kennedy School-Harvard, 1979-82. Board Member, The Brookings Instn. Bates, B.A. Univ. of Minnesota, LL.B.	R	Af-Am	DC	Norton, Cohen

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Walter 7/10/96

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**CANDIDATES TO CONSIDER FOR APPOINTMENT
TO DISTRICT FINANCIAL MANAGEMENT AUTHORITY**

02-May-95

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<u>Candidate</u>	<u>Biography</u>	<u>Pol.</u> <u>Affl.</u>	<u>Race</u>	<u>Resident</u>	<u>Congressional</u> <u>Recommendation</u>
ALTERNATES					
Bonnie Cohen	Asst. Secretary for Policy, Interior, 1993-present. Sr. Vice President, National Trust for Historic Preservation, 1989-93. Treasurer, United Mine Workers of America Health and Retirement Funds. Smith BA 1964, Harvard, MA (statistics) 1965, MBA, 1967.	D	C	DC	
Ernest Green	Managing Director, Lehman Bros. 1986-present. Partner, Green & Herman, 1981-85. AS, Labor 1977-81. Member, Natl Board, NAACP, March of Dimes, Winthrop Rockefeller Fdn. Michigan State, BA 1962, MA 1964.	D	Afr-Am	DC	
James Hamilton	Member, Swidler & Berlin, 1991-present [civil and criminal litigation]. Partner, Olwine, Connelly, Chase, O'Donnell & Weyher, 1987-91. Partner, Ginsburg, Feldman & Bress, 1975-87. White House Adviser on Supreme Court nominations. Davidson BA 1960. Yale Law 1963. London School of Economics, LL.M. 1966.	D	C	DC	
Charles Rossotti	Chairman & Founder, American Management Systems, Inc. (computer systems and consulting), 1970-present. Principal DAS for Systems Analysis (Planning & Evaluation), DOD, 1965-70. Board Member, Georgetown Univ., NationsBank. Georgetown, BA 1962. Harvard MBA, 1964.	A	C	DC	
Edward Singletary	VP & Secretary, Bell Atlantic Corp., 1991-present. Controller, 1982-90, General Accounting Mgr, 1976-82, C&P Telephone. Howard, B.S. NYU, MBA.	---	Afr-Am	?	

**CANDIDATES TO CONSIDER FOR APPOINTMENT
TO DISTRICT FINANCIAL MANAGEMENT AUTHORITY**

02-May-95

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<u>Candidate</u>	<u>Biography</u>	<u>Pol.</u> <u>Affl.</u>	<u>Race</u>	<u>Resident</u>	<u>Congressional</u> <u>Recommendation</u>
Robert Watkins	Partner, Williams & Connolly, 1977-present (criminal, discrimination, antitrust, and labor disputes). Various positions, U.S. Attorney's Office of D.C., 1968-72. Member, Amer. Bar Assn. Standing Cttee on Federal Judiciary (advises President on qualifications of judicial candidates). Harvard BA 1959, Columbia LL.B. 1965.	D	Afr-Am	DC	
Togo West	Secretary of the Army, 1992-present. Sr VP for Gov't Relations, Northrop Corp., 1990-92. General Counsel, DOD, 1980-81. General Counsel, Navy, 1977-79., Board Member, Gr. Washington Board of Trade, DC Committee on Public Education.	D	Afr-Am	DC	



THE PRESIDENT HAS SEEN
5-3-95

LIST

THE ARGUS FOUNDATION
Phone: 363-4886 Fax: 955-2015

Our Training Volunteers send \$ to
the schools - but their various
block grants are subject to abuse
B.

FAX MEMORANDUM

Date: April 10, 1995
To: President Wm J. Clinton
From: Kerry Kleschew
Number of Pages (including cover) 5

NOTES Thought you might like to
see where "Child Care and Development
Block Grants" fall into the category
of unintended consequences in the State
of Florida and probably the rest
of the nation. A good case study
for your position on Block grants.

Kerry

BRIEFINGS

1114 Thomasville Road ■ P.O. Box 10209 ■ Tallahassee, FL 32302 ■ Phone: (904) 222-5052 ■ Fax: (904) 222-7476

Volume III, Issue 3

March 1995

Subsidized Child Care Vouchers: High Potential for Abuse and Fraud - 9,200 Children and \$24 Million At Risk -

Introduction

Florida's subsidized child care program's voucher system is subject to a high level of fraud and abuse. Fraud occurs due to the decision by some HRS districts to pay AFDC clients directly for their eligible child care entitlement. Some clients enroll their child in a child care program, are remitted a check to reimburse the caregiver for the service received, but then use the check for other purposes and fail to pay the caregiver. Abuse occurs because neither the state nor local administrative agents (child care resource and referral agencies) monitor or otherwise assess the safety and quality of care provided to children in certain voucher-funded settings.

Background and Findings

In December of 1994, the Office of Program Policy and Analysis and Government Accountability conducted a performance review of the early education and child care programs. The scope of this review was insufficient. The researchers reached the wrong conclusion concerning the potential economies that could be realized through a consolidation of these programs. They also failed to identify the potential for significant abuse and fraud that exists in the subsidized child care program administered by the Department of Health and Rehabilitative Services (HRS). The Office is encouraged to take another look at both issues.

In 1990, Congress passed the Child Care and Development Block Grant with the stated purpose of increasing "the availability, affordability and quality of

child care services." Based on preliminary research conducted by Florida TaxWatch, Congressional intent has not been fully realized in Florida, in part due to the Federal rules governing the Block grant. The federal rules and regulations for the program require the states to develop a child care certificate or voucher system allowing the parents of children eligible for subsidized care to choose their own child care provider. Parents eligible for the program include Project Independence clients, working AFDC clients receiving a transitional child care entitlement and some working poor¹. Eligible providers include licensed and regulated child care centers, schools and family day care homes, as well as relatives and neighbors. Congress allows the states to design their own system of vouchering but requires the system to include:

"... measures to ensure the accuracy of payment, e.g. the correct amount, to the correct provider and measures to prevent fraud and abuse, such as verification that care provided is actually received by the child for who (sic) services are funded."

In fiscal year 1994-95, the state will spend an estimated \$183.9 million (\$57.8 in General Revenue) on the subsidized child care program. Eighteen percent of those funds are allocated through a contractual arrangement with the state's non-profit child care resource and referral agencies (i.e. central agencies). Twelve percent is for the administrative functions they

¹Children in HRS Protective Services are also eligible for subsidized child care but their parents are not allowed to select the voucher system.

"Adding taxpayer value, citizen understanding and government accountability since 1979"

- A system of random spot checks by the district HRS contract managers will be implemented to ensure attendance of children in care. We will seek assistance from our General Counsel regarding possible liability issues in the event that central agencies are required to participate in the random audit process.
- Each central agency will develop an information checklist advising parents of health and safety issues they should be aware of when choosing a child care provider. In addition, legal assistance from our General Counsel will be sought regarding possible liability issues to HRS and the central agencies, if the central agencies are required to assure compliance with health and safety standards when a parent chooses an unregulated child care arrangement.
- The Children and Families Program Office will undertake a review of the current payment system for vouchered care.
- The Children and Families Program Office with assistance from the Inspector General's Office will review contract and monitoring practices to further identify areas which can be improved, including internal controls and quality of monitoring.

There is one additional point I would like to make. HRS, the central agencies and the vast majority of private providers believe in quality child care and the safety of children. You well know that over the years we have worked diligently to improve child care services in this state. However, when potential problems arise we need to act quickly to rectify the issues at hand, and we will most certainly do so in this case.

We look forward to continuing our work with you in the future on this issue.

FLORIDA TAXWATCH RESPONSE TO HRS

The Department of Health and Rehabilitative Services is commended for recognition of this problem and for formulating a reasoned plan for corrective action. Florida TaxWatch generally concurs with the action the department intends to undertake to resolve the problems identified in our assessment. However, we encourage the department to consider more fully the following issues:

1. The department states that the federal regulations mandate states to allow parents to choose unregulated child care providers such as neighbors and relatives. The department should request a federal waiver to this requirement, particularly in view of the lack of state oversight regarding the quality of care and safety in such placements.
2. The department should revise the current child care rate schedule and design a differentiated payment scale based upon consideration of variations in the quality of care received.

This report was researched and written by John Hall, Senior Research Analyst, with assistance from David Bell, BSW, PSU Graduate School Intern, under the direction of Dr. Neil S. Crispo, Senior Vice President, Research and Operations. Catherine M. Haagenson, Communications Director; Gable Abblett, Publications Assistant.

Byron E. Hodnett, Chairman; Dominic M. Calabro, President and Publisher
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**Florida
TaxWatch**

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Sarasota, FL 34230-6361

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FAA back with plan to update

Year after washout, efforts back on track

The Associated Press

WASHINGTON — A year after declaring the program "out of control" and ordering changes, the government is resuming efforts to modernize 25-year-old technology in the nation's air traffic control system. The Federal Aviation Administration announced an \$898 million contract Thursday for Loral Corp. to build 3,000 computerized workstations for the 22 major air traffic control centers. A separate \$57 million deal was announced for Loral to design new workstations for local airport towers.

The purchases are part of the FAA's troubled Advanced Automation Systems, a project that was declared out of control a year ago after costs of \$1.4 billion and nearly a decade of problems and delays.

FAA Administrator David R. Hinson canceled parts of the project then and ordered others re-evaluated.

Assistant Administrator Linda Hall Daschle said total costs for the agency's planned automation programs, once projected at \$7 billion, have been cut to a planned \$5.6 billion. She said the contracts announced Thursday represented a \$350 million saving from earlier projections.

Loral purchased the development contract from IBM, and Daschle said the FAA is confident that the new company can complete development of the equipment. She noted that the new contract carries a fixed price, as opposed to the former open-ended deal, and includes incentives for early completion and penalties for being late.

The new workstations will replace equipment that's hard to maintain and is strained by current traffic loads, said Pete Sweers of the FAA's Advanced Systems and Facilities Division. He said the new units will permit controllers to easily use such new developments as Doppler radar and the Global Positioning Satellite system.

Robert Valone, the FAA's director of air traffic systems development, said the first of the new equipment is expected to be delivered in 1997 and all units by mid-2000. He said a separate development contract is expected to be announced later this year for new controller workstations for regional traffic centers at major airports.

The in-flight centers that will receive the 3,000 new workstations ordered Thursday control long-distance flights nationwide. They supervise about 105,000 flights every day, Daschle said.

The centers are in or near Albuquerque, N.M.; Anchorage, Alaska; Atlanta; Boston; Chicago; Cleveland; Denver; Fort Worth, Texas; Honolulu; Houston; Indianapolis; Jacksonville, Fla.; Kansas City; Los Angeles; Memphis; Miami; Minneapolis; New York; Oakland, Calif.; Salt Lake City; Seattle; and Washington.

Blasto



FEET ON T
Scott Carper
The Right
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Bureaucrats' protection of nests costing U.S. a bundle in Tokyo

BY PETER COPELAND
Scripps Howard News Service

WASHINGTON — The U.S. government stands to make a killing in Tokyo real estate, but bureaucrats bent on protecting their digs have kept taxpayers from seeing a dime.

That's the tough conclusion of a government report that blames dithering between the U.S. Embassy in Japan and the Departments of State and Treasury for failure to sell valuable real estate in Tokyo.

"Parochial" interests governed past decisions by the embassy, State and Treasury rather than the overall best interests of the U.S. government," says the report by the General Accounting Office, the investigative arm of Congress.

Bureaucrats battled so long over whether to sell a 3-bedroom house in Tokyo that its appraised value dropped from \$15 million four years ago to \$5

million today.

In the meantime, "the residence has been allowed to deteriorate to the point that it cannot be occupied," says the study called "Inaction on Proposals to sell High-Value Property in Tokyo."

The U.S. government got a great deal on the place in 1964, when it bought the single-family home on a one-tenth-acre lot for \$150,000. If it had been sold four years ago, taxpayers would have made \$15 million in profit, the study says.

But the house is owned by the Treasury Department and was occupied by its top official in Japan. If the house were sold, Treasury couldn't use the money but had to turn it over to the government's general fund.

So Treasury tried to cut a deal to give the house to the State Department, which would sell it and give space to Treasury's people in Japan.

The deal collapsed under "interagency squabbling."

Now the house must be sold as soon as possible, the GAO declares.

The State Department objects to the tone, content and title of the GAO report, saying that "to join Second and Third World countries in selling their property in Tokyo because of budget stringencies is not the signal we should send to Japan."

The Treasury Department agrees that its Tokyo house should be sold, but not until State agrees to house the Treasury people rent-free.

The State Department's real estate empire in Tokyo includes a 12-acre property called the Mitsui compound, appraised four years ago at \$3.3 billion; as well as a house for the ambassador and one for the deputy chief of mission, the No. 2 official at the embassy.



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LOUSES

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
5-3-95

95 MAY 1 P7:56

May 1, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: DOUG SOSNIK

SUBJECT: NEW MEXICO STATE CHAIR'S ELECTION

Santa Fe attorney Earl Potter was elected state party chair by one vote on Saturday, culminating the most hotly contested and expensive chair campaign in state history. Potter is a long-time party insider with ties to former Governor King. He plans to reach beyond the party's traditional fundraising base, especially to the business community. Potter and Stetson together spent over \$100,000 on the race. Potter defeated Cate Stetson, who ran Native Americans for Clinton/Gore in 1992 and is interested in playing a high-profile role in the reelection. Former Chair Ray Powell did not run for reelection. We will draft a congratulatory letter for Potter and a letter of support for Stetson.



THE PRESIDENT HAS SEEN

5-3 95

ARTHUR SCHLESINGER, JR.

1 May 1995

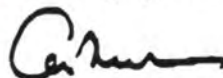
Dear Mr. President:

I thank you for your letter of 20 April (which took more than a week to reach New York) and only regret that I should have provoked you into taking the time to write. I don't know whether a letter I faxed to you on the 18th had reached your desk before you wrote.

I don't blame you for feeling exasperated. I well remember when I worked in the White House in JFK days how irritated we felt about criticism from the left when we believed we were doing our damndest to achieve common objectives. I sympathize with the general line of the Richard Rothstein piece (though he is sometimes wrong on historical details). Ken Galbraith and I were not out to organize an anti-administration campaign; we were chatting idly with John Harris and neglected to put passing remarks off the record.

I do think it might help if you occasionally called in liberals with experience in government. We often read about White House consultation with the DLC crowd, most of whom have had no executive branch background; but rarely with liberals who have been through the mill. Any time you would like to hear out Ken, Ted Sorensen, Bill vanden Heuvel, Joe Califano and me, you have only to say the word. In the meantime, as I said in the postscript of my letter of the 18th, our hearts are with you.

Ever sincerely yours,



The President of the United States

Opposition dera

BY PETER A. BROWN
Scripps Howard News Service

WASHINGTON — The effort by the nation's governors and state legislators to call a first-ever "Conference of the States" to limit federal power hit a wall Monday.

The first stage of the conference, which organizers had said would be scheduled for July, was canceled.

"It clearly is running into difficulty in a number of the states, particularly from the right," said Bill Pound, the executive director of the National Conference of State Legislatures. "The more effective opposition has come from the right. But there

has been some from the groups like the AFL-CIO.

"We were surprised to expect some opposition as well organized as we found," Pound said. "There has been an effort from the government to derail the conference. Instead, the opposition has come from the right, both from the far-right and the far-left."

The conference was the brainchild of Govs. E. James Doyle of Nebraska and Mike Leach of Utah. It had the backing of the National Governors' Association, the National Conference of State Legislatures and the Council of State Governments.

Governor takes aim at Starr

Private practice poses conflict, Tucker says

BY NOEL OMAN

Democrat-Gazette Capitol Bureau

Gov. Jim Guy Tucker, who has questioned the motivations of independent counsel Kenneth Starr at every turn, is now challenging Starr's practice of representing private clients while overseeing the Whitewater investigation.

The multifaceted investigation was spawned from questions surrounding the role of President Clinton and his wife, Hillary Rodham Clinton, in a failed land development deal from which the investigation takes its name.

The investigation also encompasses the 1989 failure of the Madison Guaranty Savings and Loan Association, whose owner, James McDougal, was a partner with the Clintons in the land deal.

While Tucker had some financial dealings with Madison while building a successful cable television business in the 1980s, he never has been named a target of the investigation. However, published reports have suggested that the governor not only is a target but that he also could be indicted.

Tucker has fought back aggressively, suggesting that Starr's investigation is politically motivated and complaining about the exorbitant legal fees the governor has incurred responding to subpoenas. Most recently, the governor suggested that Starr has a potential conflict of interest by continuing to represent private clients.

"If you look back, we've been pretty candid to responding to any questions," Tucker's attorney, John Haley of Little Rock, said Monday.

Court documents filed in February indicate Starr will argue on behalf of the Brown & Williamson Tobacco Co. when the cigarette manufacturer goes before the District of Columbia Court of Appeals in an effort to subpoena two anti-smoking members of Congress.

That Starr represents the nation's No. 3 cigarette manufacturer, which markets Kool and Carleton cigarettes, concerns Tucker — who, like Clinton did when governor, pushed for higher taxes on cigarettes and other tobacco products.

Tucker said Monday that Starr, who earns \$115,682 annually as independent counsel, should not be representing out-

Enlisting



EMPOWERING WOMEN
Ann Richards before

PHOTOCOPY
PRESERVATION

Tucker said Monday that Starr, who earns \$115,682 annually as independent counsel, should not be representing outside clients "because of both the appearance and the huge potential for the reality of a conflict of interest."

"Prosecutorial discretion is an enormous power even in the hands of a U.S. attorney, who is specifically prohibited from even writing a will for their aunt, for goodness' sake," Tucker added, stopping short of suggesting that Starr should step down.

Haley said he probably would not want Starr to step aside even if he thought the legal basis existed for such a request.

"I'm more interested in Starr concluding the investigation and getting his report done than trying to make tracks in the snow," Haley said.

Jay Lefkowitz, a spokesman for Starr's Washington law firm, called the conflict claim "far-fetched." The claim was first reported in Monday's *Commercial Appeal* in Memphis.

Starr's representation of the tobacco company deals with a First Amendment issue and not at all with taxes, Lefkowitz said.

"Mr. Starr is a former federal judge, a former solicitor general and he is a professor of constitutional law," he said. "If he isn't supposed to practice constitutional law, I don't know what kind of legal practice Mr. Starr is supposed to have."

Leon

THE PRESIDENT HAS SEEN
5-3-95

per on discussion

B.

screen and threatened to break it if he didn't give him more, and police said Dendon gave him another \$20 before the man fled.

■ **Kerry Packer**, a billionaire Australian media tycoon, reported 684 pounds of gold bars, worth about \$4 million, were stolen over the weekend from his Consolidated Press Holdings office in Sydney, police said, adding the gold was insured.

■ **Dr. Alan Bell**, a member of the New Jersey chapter of the American Civil Liberties Union, was suspended for five years by the national group in New York — an act not taken since 1940 — for stuffing the ballot box in a 1994 union election, which he called a protest with the fake ballots being obvious forgeries.

■ **Denise R. Holsinger**, 30, who had been fired as a waitress at the Witchduck Inn bar in Virginia Beach, Va., pleaded guilty to murder in the June 30, 1994, shooting deaths of the owner, two employees and a patron, allegedly done at her behest by her boyfriend Michael Clagett, 33, whose trial is pending.

■ **Jerry Grayson**, 58, who played Barney in a Broadway revival of the drama "On the Waterfront," was in stable condition at a New York hospital a day after collapsing on stage from a heart attack, stopping the production a half-hour, with understudy Robertson Carricart taking Grayson's role.

Weather

Little Rock — Partly cloudy and cool. Highs will be in the mid- to upper 60s. Continued partly cloudy tonight, with clouds increasing by morning. Lows will be in the upper 40s. Mostly cloudy and warmer with thunderstorms likely by the afternoon Wednesday. Highs will be in the lower 70s.

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NO PICNIC — A diver attached by cable to FBI and ATF agents walks to shore Monday after searching the Geary State Fishing Lake near Junction City, Kan., for evidence

related to the Okipect Timothy McVatation area before

Ruling stands: Jesus expelled from school

BY RICHARD CARELLI
Associated Press Writer

WASHINGTON — A legal dispute over a portrait of Jesus Christ that hung in a Michigan high school for 30 years ended Monday when the Supreme Court let stand rulings that forced removal of the picture.

• Related article

5A

The justices, acting without comment, refused to hear arguments by Bloomington, Mich., school officials that the portrait should be returned to a hallway wall because it offers no religious message and raises no church-state problem.

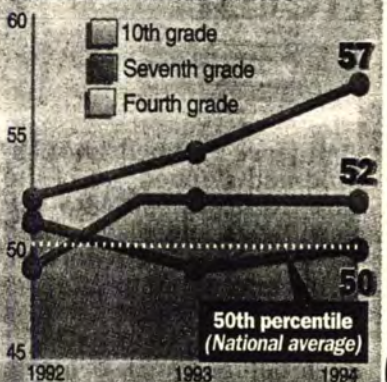
"It's absolutely absurd that a long-standing, landmark portrait depicting a famous teacher and a famous historical figure cannot be placed in a school system," lamented Thomas Hoke, Bloomington school superintendent.

Hoke called the court decision "a very unfortunate outcome. ... It's regressive. It's shameful. I believe it's sending the wrong message, absolutely the wrong message."

See COURT, Page 5A

Arkansas' 1994 test results

■ Fourth-, seventh- and 10th-grade Stanford Achievement Test results for 1992-94.



NOTE: Scores are in percentiles. The basic battery score, which is shown, combines the mathematics, reading and language scores earned by students who took this test in April 1994.

SOURCE: Arkansas Department of Education

Arkansas Democrat-Gazette/MATT JONES

PB black ald

BY RAY PIERCE

Democrat-Gazette Pine Bluff Bureau

PINE BLUFF — The four black aldermen who vowed to stay away from City Council meetings until conditions in city government change passed their first test Monday night.

The aldermen — J.C. Jeffries, Levert Blunt, Rose Holcomb and Jackie Kirby — pledged after walking out of a meeting April 17 that they wouldn't be back until

Iran trade embargo takes painful bite in rice sales

BY DOUG THOMPSON

Democrat-Gazette Business Writer

The U.S. trade embargo against Iran will close the second-largest and fastest-growing export market for U.S. rice, Arkansas' major crop.

President Clinton's proposed ban also puts \$45 million in rice export deals between various U.S. companies and Iran into limbo, said Bill Reed, spokesman for Riceland Foods Inc. of Stuttgart, the country's largest rice cooperative.

"Frankly, the U.S. rice industry saw Iran as an opportunity to market the record 1994 rice crop," Reed said. "This was a major blow."

Rice prices closed as much as 19 cents a hundredweight (100 pounds) lower Monday on the Chicago Board of Trade. Arkansas produced 18.4 million hun-

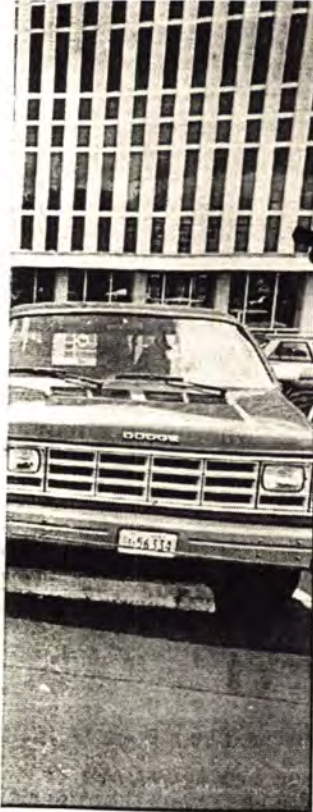
■ Economists say Iran embargo will cost United States 1D

dredweight — 3.56 million metric tons — in 1994's record harvest, 40 percent of the U.S. crop.

President Clinton announced plans Sunday for an embargo against Iran, citing Iranian support for terrorism. The president is also trying to discourage a deal between Iran and Russia to build a nuclear reactor in Iran.

"The most immediate concern is in working to protect existing sales," said David Graves, president of the USA Rice Federation, the major nationwide marketing organization for the commodity in the United States. "We must insist on contract sanctity for U.S. rice sales already negotiated."

ICE, Page 7A



Democrat-Gazette/STEVE KEESEE

he caller claimed Monday af-
s set to explode.

other employees disagreed. Neither Land nor Jacks, the employees said, but paid their rent in cash and sometimes left their rooms in the morning as if they were going to work. Jacks suggested that both received disability payments in California and said they drove to nearby Needles, Calif., every month to pick up their checks.

The investigation also produced evidence indicating that enforcement officials appear to be drawing together some of the myriad loose ends of the case. For example, federal officials affirmed a news report that investigators have found a receipt for the purchase last September of 1,000 pounds of ammonium nitrate by Terry Nichols, who has been charged in an unrelated bombing conspiracy with Timothy McVeigh in Michigan. The Dallas Morning News report said that McVeigh's fingerprints had been found on the receipt.

ight look

memory," she said. "It's like trying to find a name on the tip of your tongue and you can't. As soon as the pressure is taken off, as soon as you stop trying so hard, it comes to you." During the months that Pol was missing, 8 million fliers wearing Boylan's composite sketch of Polly's abductor were faxed, mailed and carried over the world.

The sketch was not directly related with catching hard Allen Davis, the man charged in the kidnapping and murder. But James Nelson of the FBI's St. Louis office, which later used Boylan's series without success in the case of two slain Missouri girls, said her drawing looked "absolutely" like Davis. "All you have to do is look at the sketch and draw your

own. "Anyone who has eyes can see it."

Boylan "has done

Rice

Continued from Page 1A

Iran bought 215,000 metric tons of U.S. rice between Aug. 1, 1994, and mid-April 1995, Reed and Graves said. Iran buys top-quality, top-priced U.S. rice and had much of it processed in the United States. These "value added" exports made Iran the second most lucrative export destination for U.S. rice behind Saudi Arabia and ahead of Canada.

Of the 215,000 tons bought by Iran since August, "only about one-third of those sales have been shipped," Reed said. "There's another 140,000 tons left to go. So the question the U.S. rice industry has at this time is; how much of those outstanding sales can be completed?"

"We also don't know what the Iranian reaction will be to the embargo," Reed said. "We would expect Iran to complete those sales. Also, Thailand (the world's leading rice exporter) will likely raise its prices."

"The summer of 1995 was looking like a good one for U.S. trade with Iran," Reed said. USDA forecasts that Thailand — the world's largest exporter of rice — will sell much of its crop to China and to Indonesia, which has suffered poor rice harvests due to drought. "This left Iran with no option but to look to the U.S.," he added. The United States is the world's second largest rice exporter.

About \$54 million, or 7 percent, of U.S. rice exports went to Iran in 1993, U.S. Department of Agriculture figures show.

Iran was the United States' largest overseas rice customer before 1980, importing 500,000 tons of U.S. rice in 1977. The 1979 seizure of the U.S. Embassy by Iranian revolutionaries and the 444-day imprisonment of U.S. hostages there led to economic sanctions by the United States. Iran responded by refusing to buy U.S. products. Rice exports to Iran fell to zero by 1983 and remained there for nine years.

Iranian businessmen began making private rice purchases from the United States in 1992, buying a total of 46,000 tons that year. U.S. rice was about 13 percent of Iran's imports until August.

U.S. rice rose to 75 percent of Iran's rice imports between August 1994 and April of this year. Iran had not been among the top 10 of U.S. rice importers since 1980 until it suddenly appeared as number two in 1993, USDA records show.

The United States has "had trouble moving the record 1994 rice crop," Reed said, adding that the sales awaiting shipment to Iran are from the 1994 crop. The 1995 crop is now being planted, which could lead to even greater supplies and lower prices, he said.

"You cannot turn agriculture's trade spigot on and off without affecting the entire industry," Reed said. "This is one reason we need the safety net of government programs — to

Embargo may be felt at gas pump

The Associated Press

NEW YORK — Heading to the gas pump may cost drivers a little more this summer because of the United States' economic embargo of Iran. But the increase will only be temporary and shouldn't send prices too high during the busiest driving season of the year.

"There will be a regrouping period as companies move to replace the oil they'll lose through the embargo," said Margaret Rhodes, a senior energy analyst at Data Resources Inc. in Boston. "Gas prices will go up as those adjustments are being made."

There is enough oil in the world market that finding new supplies should not be difficult, she said.

The United States already prohibits the sale of any Iranian oil here, but U.S. companies and their subsidiaries can buy the fuel and sell it on the world market.

Under a new executive order, U.S. companies will be prohibited from any trading with or investing in Iran. It will take effect 30 days after President Clinton signs the order, planned for this week.

Most major oil companies declined to comment on the embargo Monday.

But Jerry Cheske, a spokesman for the American Automobile Association, said the embargo probably will not send prices any higher than they normally are during the peak driving season.

"As the demand increases for gas, so does the price," he said.

Prices could surge significantly if other countries join the U.S. boycott, increasing competition for oil from other sources, analysts said.

catch farmers when a political action unrelated to farming makes them fall."

Few other Arkansas commodities are affected, a spokesman for the Arkansas Industrial Development Commission said Monday.

Poultry, the state's largest industry, "probably won't be affected at all," said Bob Anthony, spokesman for American Poultry International of Jackson, Miss., which brokers U.S. poultry sales worldwide.

"We had some deals with (Iran) three or four years ago, but when the time came for them to produce their letters of credit and pay for their orders, they couldn't do it," Anthony said. "To my knowledge, there's not a single U.S.-Iranian poultry sale in the works."

Oklahoma City bombing. Authorities sus-
McVeigh and Terry Nichols used the recre-
re the attack.

person is. McVeigh was not iden-
tified as a suspect in the bomb-
ing until Friday, April 21, when

bog down after 10 days of frus-
trating detective work. On Mon-
See **BOMBING**, Page 7A

State pupils finally get even

Test scores equal or surpass U.S. average

BY CYNTHIA HOWELL
Democrat-Gazette Education Writer

Results from a test given statewide to Arkansas fourth-, seventh- and 10th-graders are a year old, but the news is good.

Figures released Monday show that for the first time in the Stanford Achievement Test's three-year history in Arkansas, the average scores for all three grades were at or above the 50th percentile, considered the national average.

Scores released by the state Department of Education showed that among the more

than 90,000 students who took the exam in April 1994:

- Fourth-graders had a combined mathematics, reading and language arts score at the 57th percentile, up from the 54th percentile in 1993.

- Seventh-graders scored at the 50th percentile, up from the 49th in 1993.

- Tenth-graders scored at the 52nd percentile — the same as last year.

The test covers science, social studies and thinking skills, as well as reading, math and language arts.

"I can't speak for everyone at the department, but I was pleased," Vicki Gray, administrative adviser for the student assessment at the state Department of Education, said Monday.

Gray predicted that the scores would continue to improve as a result of the new kindergarten-through-third-grade remedial summer school started statewide last summer. That program is being expanded to include fourth grade this summer and fifth grade next year.

See **SAT**, Page 8A

Aldermen hold out; city business held up

Mayor Jerry Taylor resigns or until their concerns receive more attention.

Taylor, who says he won't resign, looked exasperated as he led the remaining four council members through their pre-meeting agenda Monday. After the roll was called, he quickly ended the meeting.

"We have four aldermen here and four aldermen absent, so we don't have a quorum," Taylor

said. "We can't conduct the city's business without a quorum, as you know, so this meeting is adjourned."

Before the meeting, Alderman Dale Dixon, who is white, said the black aldermen need to return to work or resign.

"If they want to represent their people, they need to come back," Dixon said.

The black aldermen walked out of the April 17 meeting in

protest of what they see as disrespect by the mayor and the white aldermen.

The mayor "has consistently shown a total lack of respect for the black members of the City Council and the people they represent," Blunt said the day of the walkout, "and he makes every attempt to usurp their authority and seniority."

What the black aldermen view
See **PINE BLUFF**, Page 8A



Associated Press

OFF THE HOOK — Qubilah Shabazz (right) and her mother, Betty Shabazz, share their elation Monday in Minneapolis after the daughter of Malcolm X reached an agreement for the government to drop murder-for-hire charges against her. She agreed to seek drug and psychiatric treatment.

U.S. cuts deal with daughter of Malcolm X

BY DON TERRY
New York Times News Service

MINNEAPOLIS — In a murder-for-hire case that reawakened many of the passions and pains of the 1960s, the second-oldest daughter of Malcolm X agreed Monday to "accept responsibility" for her involvement in a sketchy plot to kill Louis Farrakhan, the leader of the Nation of Islam.

The surprise agreement, quickly approved Monday morning by Judge Jame Rosenbaum of U.S. District Court, was reached by government prosecutors and defense lawyers late Sunday night. The deal came just hours before

See **SETTLEMENT**, Page 8A

...a painful blow to
economy that is already
throes of fierce inflation and
economic depression.

But absent the unlikely event that the Japanese would join the boycott and that European companies would agree not to replace American oil buyers, oil industry experts say that the chief effects of the Administration policy will be to create more

que
have
ing appar
Europe would
tribute.

To ease any supply
Europeans say, the United Nations
will face renewed pressure from
Russia, China and France to end
United Nations sanctions that ban
Iraqi oil sales.

Trade Ban Is Seen to Affect Oil Services and Farmers Most

By BARNABY J. FEDER

CHICAGO, May 1 — President Clinton's announcement on Sunday that he would issue an executive order this week banning trade with Iran left many exporters anxiously awaiting the actual document.

While international oil companies like Exxon, Mobil and Caltex that had been buying Iranian oil for resale abroad have the biggest contracts at stake, it appears that oil service companies will bear the brunt of the curb on exports to Iran. They accounted for more than half the \$326 million in American exports to Iran last year. Some agricultural products are also major exports, especially corn and rice.

The Clinton Administration projected that the export embargo would cost "a few thousand jobs" based simply on the size of the export market. More than 3,000 jobs would be lost in the oil services sector alone, applying the Department of Labor's rule of thumb that each \$1 million in exports in that industry accounts for 19.7 jobs, according to Russell Ginn, a valve company executive who is president of the Petroleum Equipment Suppliers Association, a Houston-based trade group.

Exporters were worried about how the President's order might affect getting paid for past exports and completion of current contracts, as well as lost opportunities in the future. And, as in past trade battles, they argued that restrictions would only drive Iran into relationships with foreign competitors.

"We're very troubled," said Larry Bowles, director of government affairs at Halliburton Inc., a leading engineering and oilfield equipment company based in Houston. "We don't feel it will have any significant effect on keeping Iran from achieving the goals that concern the President."

Mr. Bowles and others added, though, that President Clinton's plan appeared far less burdensome than that proposed by Senator Alfonse M.

D'Amato, Republican of New York, who wants to bar American companies from doing business with any foreign company trading with Iran.

Industry and farm groups said an embargo would renew questions raised by previous actions against the former Soviet Union, Libya and Vietnam about the reliability of American exporters. But some trade experts ask whether such concerns are supported by history.

Mr. Bowles said that the embargo plans were especially disappointing because Iran appeared to be embarking on a major renovation of its aging oilfields that could have meant a substantial upswing in business for Halliburton and others. The company was already hurt by the decision last month — under White House pressure — by Conoco, a unit of E.I. du Pont de Nemours & Company, to pull out of a deal to develop two offshore oilfields in Iran. "We expected some of Conoco's service work," Mr. Bowles said.

Mr. Ginn said that for many companies the big concern would be getting paid for work already done. He said American companies were already owed \$500 million, and that many smaller companies in his industry operated on such thin margins that they might be driven into bankruptcy if Iran retaliated for President Clinton's order by halting all payments.

A trade embargo may also sharply affect rice growers. After losing one of their major foreign markets with the overthrow of the Shah of Iran 15 years ago, they had been enjoying a strong trade rebound in recent years. Exports to Iran had zoomed from zero in 1990 to a projected 200,000 to 220,000 metric tons this year, worth about \$75 million.

"We consider anything above 100,000 tons as a major market," said Patricia Alderson, spokeswoman for the USA Rice Federation in Houston. "At a time when our farmers are being told they must learn to depend more on markets rather than government, this embargo is a confusing signal."



*Minimur.

made more
more in March,
t reports. 6D

Business & Far

Arkansas Democrat Gazette

Indexes	
277.14	-0.17
480.13	2.57
841.63	-2.35

Dow Jones		
30 Inds	4,316.08	-5.19
20 Trns	1,675.57	-10.71
15 Utls	193.45	-1.05
65 Stks	1,433.92	-4.88

Standard & Poor		
400 Inds	612.32	-0.44
20 Trns	406.85	-1.30
40 Utls	163.47	-0.05
500 Stks	514.26	-0.45

Treasury bills			
30-Day	Asked 5.63	Bid 5.75	
60-Day	5.67	5.63	
90-Day	5.75	5.72	
One-year	5.96	5.91	

ss digest

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oup, Dutch owner of
olding Co., removed 20
Monday whom it
or the collapse of
ldest investment bank.
originally said no one
fired until regulators
neir investigation into
pectacular failure on
ires markets. But the
decided the Bank of
as taking too long. ING
op Barings executives
, Tokyo and Singapore
trader Nick Leeson
deals that busted Bar

al

lock market crawled
subdued session to a
se Monday, although
de oil prices perked up
ues. The Dow Jones in-
average closed at
down 5.19 from Friday's
article, 2D

U.S. savings bonds will
percent for their first
and 6.31 percent there-
il they mature in 17
e new rates apply to Se-
bonds issued Monday
he next six months. The
be adjusted Nov. 1, with
nts every six months.

on Co. announced Mon-
ompleted its \$2.3 billion
der offer for defense
cs maker E-Systems Inc.
is paying \$64 a share for
n 33 million shares of E-
common stock. Raytheon
billion concern with
employees based in Lex-
lass. E-Systems, based in
ad sales of about \$2 bil-
t year, employs about
d is a leader in military-
nce communications.

Paper Co., continuing ef-
focus on its core tissue
s, said Monday it formal-
s pulp operations and 1.5
acres of timber up for
January. Scott agreed to
U.S. health-care business
od-services units in the
States and United King-
c about \$110 million. The
operations are in Mobile,
erett, Wash.; Nova Scotia;
ain, and have a combined
on capacity of more than
ion tons. The timberlands
n the Southeast
va Scotia.

Iran embargo will cost U.S., economists say

Oil exports to keep cash flowing as foreign competitors fill orders

BY DIRK BEVERIDGE
Associated Press Writer

LONDON — The biggest
losers from the U.S. economic
embargo of Iran will be Ameri-
can companies, and the big win-
ners will be their foreign com-
petitors, economists predict.

Iran stands to gain too, since
it will have no problem finding
buyers for its top export — oil —
and it may even temporarily get
a better price if the embargo dis-
rupts normal supply channels.

The embargo has two main
problems, experts on the Middle
East said. The United States
came up with the embargo on its
own, with no sanctions against
companies from other countries
who continue to trade with Iran.

Edmund O'Sullivan, editor-in-
chief of the weekly *Middle East
Economic Digest* in London, was
not optimistic about the U.S. ac-
tion. "It's not going to work,"
O'Sullivan said, noting it is too
easy to circumvent the embargo.

Economists who follow the
Middle East say the U.S. action
will have little impact on either
total imports into Iran — which
was about \$10 billion last year —
or Iran's exports, which came to
\$18 billion, mostly from oil sales.

Last year, U.S. companies sold
Iran about \$326 million in goods,
slightly more than 3 percent of
the total and well behind the
sales from Germany, Japan, Italy,
France, Britain and others.

"It will have a big impact on
American businesses because

the Europeans will move in,"
said Mary-Jane Deeb, editor of
the academic *Middle East Journal*
and a professor of international
politics at American University in
Washington.

"I really am rather puzzled,
particularly since Iran has not
done anything spectacular re-
cently in terms of terrorism," she
said.

Even though major U.S. oil
companies will now be prohibi-
ted from buying Iranian crude oil
for their foreign operations,
there will be no shortage of buy-
ers for the 3.6 million barrels of
crude pumped each day by
OPEC's No. 2 producer.

Oil prices were nudged high-
er Monday by President Clinton's
move, but many analysts called
the rise an overreaction in the
often volatile futures markets.
Traders said any lasting price in-
creases should be minimal and
based on disruptions in normal
supply channels.

Other Iranian exports, includ-
ing carpets and a growing number
of manufactured goods, totaled
about \$4 billion last year, and
should face little disruption from
the U.S. boycott, experts said.

Whatever its economic impact,
the embargo will provide grist for
anti-Western groups throughout
the Middle East, economists said.
"The embargo reinforces their
feeling of being threatened by a
major superpower," Deeb said.
"It simply makes the Islamic
groups more anti-West."

Small businesses



AWARD LUNCHEON — Valerie Coler
portunity specialist at the Small Business
unwraps an award Monday to be pres-
Arkansas Chamber of Commerce lunche

State looki

Bond-derivative i

BY ANDREA HARTER
Democrat-Gazette Business Writer

Officials confirmed Monday
the Arkansas Securities Depart-
ment is investigating losses in an
investment fund originally mar-
keted by Little Rock firms
Stephens Inc. and Worthen In-
vestments Inc.

The fund, the Nations Govern-
ment Income Term Trust 2003
Inc., is a closed-end mutual fund
that contains government bonds

Hail knocks some flights off LR route

Earnings report

Acxiom's contracts put returns in good hands

SATURDAY, APRIL 29, 1995

gest
national

in military admits...
n army that tipped...
firebomb attack. 6A

et police beat suspect to
autopsy shows. 7A

nam honors heroism with
ceremony on anniversary of
tory. 10A

kers abruptly stop digging up
in Rwanda refugee camp.

onal

ess opts out of Simpson trial,
wants to avoid "broiling." 4A

r blasts NRA over language
it letter, says it may "be stok-
fires of militant groups." 9A
e House records sought for
ter Foster's death. 9A

than 12 hours of violence
housing project where one
is shot, others driven from
1B

cuts contested by blacks as
as of desegregation plan. 1B
ager from LR halfway house
innocent to rape of 9-year-old

board to take meetings to the
four times in 1995. 2B

teen-agers attack guard,
it of Alexander juvenile cen-

a outside Fayetteville says it
its state and federal consti-
upheld. 1B

CS

abee pitches tent, support
e camp. 9A

General Assembly adjourns
s 10 senators and 14 repre-
s officially close session. 2B

less

idog group wants Entergy to
n Louisiana nuclear plant
ciency. 1D

Kentucky boy top math whiz

8th-grader finds no equal among 227 competitors

BY KENNETH ESKEY
Scripps Howard News Service

WASHINGTON — The nation's new junior high mathematics champion is 14-year-old Rich Reifsnnyder, an eighth-grader from Louisville, Ky., who wants to be an aerospace engineer.

Rich outlasted 227 other seventh- and eighth-graders in Friday's final round of a nationwide Mathcounts contest involving 300,000 students from 50 states, the District of Columbia, Puerto Rico, Guam, U.S. Virgin Islands, Northern Mariana Islands and schools operated overseas by the Defense and State Departments.

To clinch the championship, he correctly answered the question: Out of 200 fish in the aquarium, 99 percent are guppies. How many guppies must be removed so that the percent of guppies remaining in the aquarium is 98 percent?

The answer is 100 guppies. Rich, who attends Meyzeek Middle School, is the son of Robert Reifsnnyder, president of the United Way in Louisville. His father and mother both majored in English at Princeton University.

Runner-up in the individual contest was Chris Mihelich, an eighth-grader at Sycamore School in Carmel, Ind., followed by Henru Wang, an eighth-grader at Miller Junior High School in San Jose, Calif.



Associated Press

MATH CHAMP — Rich Reifsnnyder, 14, an eighth-grade student at Meyzeek Middle School in Louisville, Ky., gets a hug from his father Robert and a smile from his coach Rhonda Nieme (left) after winning the individual competition of the 12th annual Mathcounts contest Friday in Washington.

The four-member Indiana team won the team competition, followed by teams from Texas, Wisconsin, Illinois, Utah, North Carolina, California, Pennsylvania, Massachusetts and Maryland.

Of the 228 finalists, 197 were boys and 31 were girls.

Rich won a gold medal, \$8,000 scholarship, notebook computer and a week at the U.S. Space Camp in Huntsville, Ala. The two runners-up won silver and bronze medals and \$6,000 and

\$4,000 scholarships.

The top three teams won medals. Members of the top team — Indiana — were awarded \$2,000 scholarships and a trip to Space Camp.

The contest is sponsored by the National Society of Professional Engineers, CNA Insurance Companies, General Motors Foundation, Intel Foundation, Texas Instruments Inc., National Council of Teachers of Mathematics and National Aeronautics and Space Administration.

Sta 5/3/95

Ma Jim Derokind

Patricia note

The after have
we should also congrats

letter +

peek
me

boy
n

THE WHITE HOUSE
WASHINGTON

May 3, 1995

Mauria J. Aspell
304 St. Louis
Hot Springs, Arkansas 71913

Dear Mauria:

Thanks for your letter. I was touched by what you said about Oklahoma. The last two weeks have been difficult but have affirmed my deep and abiding belief in the strength and resilience of the American people.

It was great to see all of you in Little Rock and to have a chance to catch up. I wish we could get together more often.

Finally, thanks for sharing with me the information about Brian Eaves. I've shared it with my advance staff. While I never know what the schedule will hold, I hope to have a chance to say hello.

See you soon.

Sincerely,

Barack

I'll try to see them

cc USC

Scheduling?

put this letter w/
my scheduler & arrange
for me to say hello to
these 2.

Theresa 2-

put this letter w/
my scheduler & arrange
for me to say hello to
these 2.

MAURIA J. ASPELL, A.C.S.W.

LICENSED PSYCHIATRIC SOCIAL WORKER

TELEPHONE
501/624-4492304 ST. LOUIS
HOT SPRINGS, ARKANSAS 71912

Dear Bill,

Such a lot has happened to this country, to the families and individuals struggling to maintain a sense of balance after Oklahoma. Don't ever minimize your role in this effort. You were and are a powerful, steadying influence - "60 Minutes" was particularly strong. Of course, nothing can erase the horror. If only my tears could do so.

Bill, thank you again for inviting Bob and me to stay in the White House. The sense of awe we both felt is still with us - so many events within its walls, so many decisions. Do you ever become immune to the vibrations? Can you find any moment of time just to stop and listen?

It was nice to see you in Little Rock. David said you were afraid of disappointing us. Please don't ever apply that to me. As you once said - I am a grown-up. I can see that you're pulled in a million directions. Still, there'll always be a little time for our friendship - but not if you see me as one more baby bird chirp, chirp, chirping from the nest, demanding and needing your attention. UGH! How awful it must be for you to experience this over and over again. Oh well, that's who you are (in part), never wanting to let anyone down. But, Bill Clinton, listen to me - my love and friendship for you are rooted in the past. This history between us has already happened and could never be altered by current events. Get it? I'll find little holes in time now and then and poke my head through. Bob said, after the game at Juanita's, that he thought we were in danger of being perceived as "groupies". I told him to forget perception, that we probably were in danger of being "groupies"! (I'm starting to work immediately on my worshipful attitude.)

Now, I am forwarding a request. As always, this is merely a request. Brian Eaves is a young man living in Moscow. He is a very good friend of Eleanor's - and Don's friend, too, from college. Brian is quite intelligent, he's a consultant for World Bank and works for Deloitte and Touche in Moscow. He's a really sweet guy from a wealthy farm family in southern Oklahoma. (He's overly generous and would give a stranger his last nickel.) Brian never would presume on my friendship but.....he is dying to meet you or just have a picture taken when you're there. His request is both for himself and for his very close friend in Moscow, Tatianna Panskova, who also works at Deloitte and Touche. She is the daughter of Russia's Finance Minister, Vladimir Panskov. She, too, very much wants to meet you. If there is a way, Brian's phone # at D. & T. is

7-095-956-5000, fax # is 5001. He's currently in St. Petersburg for a few days so I don't have an address, but I'm sure D. & T. could find him.

I hope your visit to Russia is a success in every way. My thoughts and prayers are with you always, of course, but most especially, when I see you walking in mine fields!

Please give our very best regards to Hillary and convey our thanks again ---

Love,
Maumi

P.S. Had a great visit our last afternoon at the White House with Tom Campbell and Nancy Snyderman, too. Carolyn Huber is a jewel.

*Hi Nancy - Oregon graduates
next weekend!! Last one out of
"1st phase higher education." - HA*

THE WHITE HOUSE
WASHINGTON

May 3 6:30 PM

Leah -

Many phone calls
& much capling later,
we finally got a
deal done with Dodd &
Justice on the posse
comitatus provisions.
Bill just went up to Hill.
— added

Fran,
Tedd has seen
and approved --
is copy for John.
S

THE WHITE HOUSE
WASHINGTON

May 2, 1995

MEMORANDUM FOR JOHN PODESTA
TODD STERN

FROM: TIM SAUNDERS *TS*
Executive Clerk
ED THOMAS *ET*
Assistant to the Executive Clerk

OK
[Signature]
5/2/95

SUBJECT: Outstanding Bills

Attached is the President's advance schedule for May on which we have noted the last day for Presidential action on bills received during the next two weeks (no bills are currently pending the President's action -- however, there are three outstanding passed bills not yet received by the White House.)

In view of the President's upcoming foreign trip and to give the President a reasonable amount of time to act on bills following his return from abroad, we would like to work with Legislative Affairs concerning the receipt of outstanding passed bills (for example, a bill received today would have a last day for action of Saturday, May 13, 1995 -- one day after the President's return).

RECOMMENDATION:

That the Clerk work with Tim Keating, Office of Legislative Affairs, to ask that all (non-emergency) passed bills be held on the Hill until at least Friday, May 5, 1995 -- this would make the last day for the President's action Wednesday, May 17, 1995.

cc: Tim Keating

May 1995

Presidential Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 5/12 I Have A Future Emily's List Event in DC Nuclear Materials Briefing (30 min) US Air Force Academy Trophy Presentation @ WH House Reconvenes	2 5/13 Speech Prep Time Briefing Time for Trip Congressional Meeting (T) WH Dinner w/Scholars	3 5/15 Coffee WH Conference on Aging Foreign Trip Briefing Time Political Appointees Rally, DC pm Dinner @ NAVOBS with VP & MEG	4 5/16 MEETING WITH PM KLAUS OF THE CZECH REPUBLIC 30 min. Speech Prep for Michigan 30th Anniv. of WH Fellows Event Hold Evening (SS) National Day of Prayer	5 5/17 Michigan St. University Commencement Cinco de Mayo Event (PM)	6 5/18 Down for the Day
7 5/18 Meeting with PM Rabin @ WH AIPAC	8 5/19 National VE Day Wreath Laying at Arlington National Cemetery & Veterans Event at Fort Myer Depart for Foreign Travel	9 5/20	10 5/22	11 5/23	12 5/24	13 5/25 Down For Day Camp David (T)
14 Down For Day Mother's Day Camp David (T) South Lawn Closed	15 U.S.-Mexico Interparliamentary Mtg. (30 min) Crime Event on The Mall Photo op w/ Bob Walters Dinner Residence Closed	16 Coffee School to Work Event DNC Labor Council Dinner Hold Evening (SS)	17 ReGo (T) In Performance at WH	18 MEETING WITH PRESIDENT MR. GABE OF ZIMBABWE 3 hrs. No Press Avail. Asian American Congressional Caucus Dinner Hold Evening (SS)	19 MADD Photo-op Photo ops Women's Bureau Event @ WH	20 South Lawn Closed
21 South Lawn Closed	22 Coffee Lunch w/ Daschle (T) Hold Evening (ss)	23 Catholic Press Event @ WH (T) MEETING WITH JUAN CARLOS OF SPAIN 30 min. DSOC/DCCC Dinner, DC	24 Briefing for The Economic Conference ReGo (T) AFL-CIO Executive Board Meeting @ WH (T) Hold Evening (ps) RON TBD	25 WH Conf. on Trade and Investment in Ireland, DC Irish Conference Reception @ WH	26 Coffee ReGo (T) Veteran's Roundtable (T) Tape Radio Address South Lawn & Residence Closed	27 Down for The Day
28 Down for The Day South Lawn & Residence Closed	29 Memorial Day Down For The Day	30 Pre Travel Interviews (T) Briefing for Econ. Conf. Econ. Conf. Speech Prep RON Colorado	31 US Air Force Academy Commence- ment, Colorado RON TBD	SMTWTFS 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 SMTWTFS 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30		
Memorial Day District Work Period - House Not in Session						

Students reading less, and test scores plunge

WASHINGTON — High school seniors are reading less, and it shows: While math scores are on the rise, national reading scores have dropped.

Only about a third of seniors were rated proficient readers in test results released Thursday, a significant decrease from the same test two years earlier.

And fourth-graders and eighth-graders were even less likely than the seniors to qualify as "good enough" readers, although their scores held steady over two years.

No specific explanation for seniors' score drop was offered, but members of the test's governing board said it's clear students don't do enough reading — at school or at home.

A survey accompanying the 1994 test found that, compared with seniors who took the 1992 test, students were less likely to read for fun on their own time, be assigned reading as homework, or be asked at school to discuss something they had read. Only 39 percent said they read 11 or more pages daily.

The decrease in National Assessment of Educational Progress scores comes just two months after Education Secretary Richard W. Riley pointed to slight increases in some test results and declared that U.S. education was "at long last, turning the corner."

In a statement Thursday, Riley expressed disappointment with the reading scores. "We have a long way to go to equip our students with the tools they will need for success in the next century," he said.

Scores on other NAEP tests over the past decade have shown students improving in math and science — possibly as a result of school reform efforts of the 1980s — while barely holding steady in reading and writing.

The test of fourth-, eighth- and 12th-graders was designed to show how well students understand and analyze what they read. It was only the second time the updated reading test has been used. Students were judged to be at the advanced, proficient or basic reading levels, or below. "Proficient is what we think to

U.S. reading skills lacking

The percentage of fourth-grade students reading at or above proficient level on the 1992 National Assessment of Education Progress in participating states:



Associated Press/W.M. J. CASTELLO

be good enough," said governing board member Mark D. Musick. "And in very few states did we get more than 30 percent in that category."

Worse, about 30 percent of the seniors failed to reach even basic, which denotes "partial mastery" of the reading skills they should have. Two years ago, all but 25 percent reached the basic

level.

Forty-two percent of fourth-graders failed to reach the basic level, and 75 percent fell short of proficient. Thirty-one percent of eighth-graders had less than basic skills, and 72 percent were less than proficient.

Additional public school fourth-graders were tested to provide state-by-state compar-

isons. Ten states showed significant declines in scores of fourth-graders: Delaware, Louisiana, Massachusetts, New Hampshire, New Jersey, New Mexico, Pennsylvania, South Carolina, Utah and Virginia.

In Arkansas, 20 percent of fourth-grade students were reading at or above the proficiency level, the same percentage as in 1992, the board said.

No state showed significant improvement in average scores, although Arizona and Mississippi showed improvement among their highest scorers.

Fewer than 5 percent of any grade reached the advanced level.

The decline in 12th-grade reading scores seemed almost universal — the average scores dropped for both girls and boys; for whites, blacks and Hispanics;

for private school students as well as public school students.

But there was a notable trend: Scores for the top quarter of students remained the same. The decrease came from the those in the middle, and most especially, at the bottom of the achievement scale.

One problem may be that only students who want to be admitted to a top university are required to achieve, said Chester Finn, a member of the test governing board.

The rest "aren't obligated to read," he said.

"They're obviously going to schools that are allowing them to attend and be promoted and graduate, and then be admitted to a state college anyway," he said. High schools also tend to focus more on math and science than reading, he said.

Just warming up



ANOTHER DAY AT WORK — Hannah Wallace, 7, prepares to swing the gavel in Tallahassee as she stands beside her father, state House Speaker Peter Rudy Wallace, D-St. Petersburg, Fla., during House floor action Monday on "Bring Your Daughter to Work Day." *Article, 1D*

Associated Press

Squalor-case moms in Chicago jailed

The Associated Press

CHICAGO — Two mothers involved in a case in which 19 children were found living in squalor last year were jailed for violating provisions of their probation.

Mayfay and Denise Melton, who are sisters, had avoided jail time by agreeing to undergo drug and parenting counseling after they were convicted of misdemeanor child neglect.

But Mayfay Melton tested positive for opiates on April 18 and was sentenced Wednesday to 120 days in jail. Denise Melton was sentenced to seven days in jail for refusing to take a scheduled drug test and dropping out of the program.

The women are trying to regain custody of their children, who were taken from them by state welfare workers after police discovered the appalling living conditions during a February 1994 drug raid. The 19 children belong to six Melton sisters.

The place was filthy with feces and cockroaches, and six of the children huddled under a blanket on a single mat

Gang membership no crime, court says
communicating with the occupants of

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TODAY'S SPECIAL
Seag. VO \$17.99
"Absolute Lowest Prices"

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We have your size!

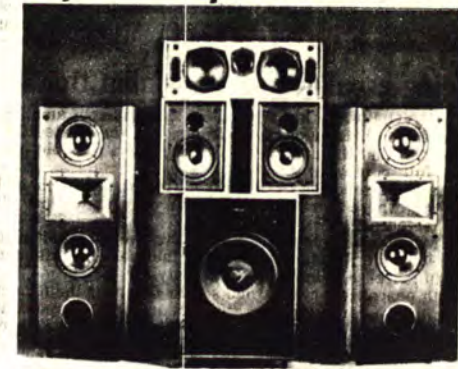
Sandal Sale

1/2 PRICE!

Buy any regular price sandal and get the second pair of equal or lesser value for 1/2 price. Select Group Only

Trellis Square
10720 Rodney Parham
Little Rock • 227-4477

Klipsch Speaker Sale!



Monday, April 24 - Saturday, April 29

Yes -- world famous Klipsch speakers are on sale at Custom Audio & Video! Main speakers, powered subwoofers, in-wall speakers, center speakers, bookshelf models -- entire surround systems! This is your chance to upgrade and save.

Don't Miss It!

CUSTOM
AUDIO & VIDEO

Sturbridge Center • Rodney Parham • Little Rock • 227-9077

Satisfaction guaranteed or your money back

The Gorton-Hatfield Forest Giveaway

By Mary Christina Olmsted
and Chad Hanson

EUGENE, Ore. If two Northwest senators have their way, one the biggest timber bonanzas ever could be about to begin, no matter how severe and lasting the damage to public resources. This month, the Senate passed a

bill introduced by Senators Slade Gorton of Washington and Mark Hatfield of Oregon, that would allow unlimited clear-cutting of publicly owned forests all over the country — including the last remnants of old-growth forests — under the guise of “salvage” logging.

By mid-May, a conference bill is to be back on the floors of both houses for a final vote before it is sent to the White House. Promoted under the dubious pretext of “forest health,”

the measure requires the cutting of trees “imminently susceptible to fire or insect attack” — language so sweeping that it would extend a free-for-all invitation to the timber industry to take what it pleases.

While the bill purports to respond to a forest health “crisis,” more than 50 forestry experts across the country have protested the bill in a letter to President Clinton.

They point out that clear-cutting threatens soil, watersheds, fisheries and wildlife — causing damage that vastly exceeds the impact of insects or fire.

The bill expressly overrides virtually all existing Federal environmental laws. Moreover, language that restricts judicial remedies would prevent citizens from gaining relief in courts to halt clear-cutting — even if its effects threatened water supplies, endangered protected species, caused erosion or imperiled communities that depend on fishing and recreation.

But perhaps the ultimate affront to the public is the way in which this bill has been handled by Senators Gorton and Hatfield, who are both members of the Senate Appropriations Committee.

The senators fashioned the bill as a rider to an appropriations bill, so

portant, the shameful destruction of our last primeval forests and the loss of countless species they support would rob us of an irreplaceable part of the natural world.

Is that what Senators Hatfield and Gorton wish to be their most enduring political legacy?

Mary Christina Olmsted is an assistant professor and Chad Hanson is a student at the University of Oregon School of Law.

The lumber industry will ax the public interest.

that to veto the rider President Clinton would have to veto the entire appropriations package. This amounts to a form of legislative extortion, and it means an enormously controversial measure is all but hidden from the public eye.

In addition, the Northwest senators have acted with extraordinary haste to push the bill through the Senate before the public can mount any opposition.

Whatever the public may think about forest management policies, they should be alarmed at their senators' disregard for basic principles of democracy.

Mark Hatfield has even been criticized for these tactics before. When he pushed some logging legislation through Congress in 1989, he promised on the floor of the Senate that he would not use appropriations riders in the future to make sweeping environmental policy.

Mr. Clinton's credibility is at stake in this legislation. In the Northwest, the Gorton-Hatfield rider would essentially trump his own forest plan for managing public lands and would render irrelevant thousands of hours of planning, study, public comment and agency deliberation that went into developing the plan.

Mr. Clinton's signature on the bill would also breach a promise he made to the American people just two years ago — that he would only support forestry management that was “scientifically credible” and “legally defensible.” Legislation that lets industry override all environmental laws to get the timber out fails on both counts.

Passage of this bill would signal a serious problem about how our Government operates. Even more im-

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WILLIAM FRIDAY
PRESIDENT

THE PRESIDENT HAS SEEN

5/1/95

919 962-8150

95 APR 21 P6:53

April 19, 1995

Honorable Erskine Bowles
Deputy Chief of Staff
The White House
Washington, DC 20500

Mr President
FBI
Elsa

Dear Erskine:

Congratulations on a great performance last evening by the President.

Having lived through Harry Truman's campaign, it is great to see our President "squaring his jaw," raising the power of his voice and speaking with force on matters of conviction. It was his finest performance and I hope and trust he will keep this pressure on.

✓ ((Joe Klein and Fred Barnes to the contrary, Kevin Phillips was more correct. The President's effective use of Republican excessiveness scored points. Telling the people the truth is the finest expression of responsible leadership which the people expect of their President.

Cordially,

WRF

William Friday

P.S. It was good to see you on the screen for a moment or two also!

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

5/1/95

95 APR 26 P 6:10

April 26, 1995

MEMORANDUM FOR THE ~~PRESIDENT~~
LEON PANETTA
ERSKINE BOWLES

FROM: Harold Ickes (HBI)

SUBJECT: Air traffic controllers

Attached is a copy of 17 April 1995 memorandum from the Department of Transportation regarding the status of PATCO controllers. Approximately 4,500 former controllers applied to the FAA for reinstatement. There have been 215 vacancies since the President lifted the ban against hiring former controllers on 12 August 1993, and 27 former controllers have been hired to date.

- If we're short
of controllers how many
vacancies have been filled?
- Do we need more
controllers over vacancy
list?



U.S. Department
of Transportation
Federal Aviation
Administration

800 Independence Ave., S.W.
Washington, D.C. 20591

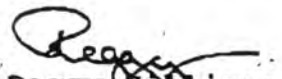
April 17, 1995

NOTE TO THE CHIEF OF STAFF

Ann,

Attached is our response to the questions you recieved from the Office of Cabinet Affairs.

I have asked for additional information in response to the third question. As our response indicates, there have been 27 former controllers hired to date. I would like to supplement the answer to show the candidate pools from which the additional 188 postions were filled. I will have the additional information for you first thing in the morning.


Peggy Gilligan
Chief of Staff



U.S. Department
of Transportation
Federal Aviation
Administration

Memorandum

Subject: **INFORMATION:** Response to questions from
Office of Cabinet Affairs regarding "PATCO"

Date: APR 17 1995

From: Chief of Staff *Giorgio*

Reply to
Attn. of:

To: Chief of Staff *Bormolin*

The following is the information requested by Cheryl Rodman, Office of Cabinet Affairs, regarding questions from Stephen Silverman:

Question: An assessment of how many PATCO controllers there are who want to come back to work.

Answer: There are about 4,500 former controllers who have applied to the FAA for reinstatement.

Question: How many vacancies have there been since the President announced they could come back to work?

Answer: There have been 215 vacancies since the President lifted the ban against hiring former controllers on August 12, 1993.

Question: How many of the new hires have been PATCO versus non-PATCO?

Answer: There have been 27 former controllers hired to date.

Question: What is the policy for rehiring these controllers versus new ones; do they compete openly?

Answer: Former controllers are but one of several pools of candidates from which FAA hires. Former controllers compete with one another for the vacancies.

Question: Has anyone from the Department of Transportation met with representatives of PATCO before?

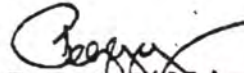
Answer: Linda Daschle, FAA's Deputy Administrator, has met with Bob Harris, head of Controllers United, a group representing the former controllers.

Question: Who from the Department of Transportation can come to the White House for a meeting on this matter?

See S - Linda Daschle. Also Linda Knapp did a lot of work on the legal issues.

Answer: (Will defer to the Department to provide response.)

This could be part of the general briefing on aviation issues we discussed.


Peggy Gilligan

Thanks!

