



SAVINGS ASSOCIATION INSURANCE FUND

**Testimony of Richard S. Carnell
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**Before the Subcommittee on Financial Institutions
and Consumer Credit
Committee on Banking and Financial Services
United States House of Representatives**

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SUMMARY

The Savings Association Insurance Fund (SAIF) has four major weaknesses. First, SAIF has slender reserves. As of December 31, 1994, SAIF held only 28 cents in reserves for each \$100 in insured deposits. The failure of one or two large thrift institutions could exhaust these reserves and leave the Fund insolvent.

Second, SAIF has only meager income with which to protect depositors and build reserves. Forty-five percent of SAIF premiums go to pay interest on bonds issued to prop up a prior deposit insurance fund (the so-called FICO bonds).

Third, SAIF has concentrations of risk because it insures a specialized industry and because of the industry's concentration in large California-based institutions.

Fourth, and most importantly, SAIF has a declining assessment base (i.e., base of deposits on which to charge premiums). Over the past five years, SAIF-insured deposits, instead of growing over 40 percent (as projected in 1989, when SAIF was established), have shrunk 24 percent.

SAIF-insured deposits will almost certainly continue to shrink, because depository institutions have both the motive and the means to reduce their use of such deposits. Under a recent FDIC proposal, SAIF premiums for the healthiest institutions will be nearly six times as high as Bank Insurance Fund (BIF) premiums. Institutions with SAIF-insured deposits can avoid high premiums in various ways. They can sell off loans, instead of holding them in portfolio, and thus reduce their need for deposits. They can replace deposits with nondeposit funding sources, such as Federal Home Loan Bank borrowings. Or they can seek to switch deposits from SAIF to BIF, using such approaches as that recently proposed by Great Western (forming an affiliated BIF-insured bank with branches in its thrift lobbies). Accordingly, we believe it would be unwise to base policy on projections that SAIF's assessment base will stabilize or will shrink only very slowly.

SAIF's greatest vulnerability arises from the interaction between the payments on the FICO bonds, which claim the first \$793 million in annual SAIF premiums, and SAIF's declining assessment base. The combination of fixed FICO payments and a shrinking assessment base tends to create a vicious circle in which (1) shrinkage of the assessment base makes FICO payments consume an increasing share of SAIF premiums, which (2) reduces SAIF's capacity to bear losses and

build reserves and renders increasingly remote the prospect of SAIF ever accumulating enough reserves so that it could cut premiums, which (3) makes SAIF-insured deposits less attractive as a funding source, which in turn (4) promotes further shrinkage of the assessment base and leaves SAIF with even less income remaining after FICO payments.

If not corrected, SAIF's weaknesses could leave the Fund insolvent and the FICO interest payments in default. They could also make it more difficult for savings institutions to attract and retain capital, thus harming what remains of the thrift industry and diminishing the industry's capacity to help solve its problems.

The Administration believes that six principles should guide any solution to SAIF's problems:

First, *minimize the costs and risks to the taxpayers.*

Second, *assure prompt capitalization of SAIF.*

Third, *avoid default on the FICO bonds.*

Fourth, *require a fair and substantial contribution from institutions with SAIF-insured deposits.*

Fifth, *avoid market distortions and perverse incentives.*

And sixth, *maintain public confidence in federal deposit insurance by acting promptly, before SAIF's problems become more serious.*

The possible options that have been mentioned for dealing with SAIF's problems include the following (and a solution to SAIF's problems could combine two or more of these options):

(1) *Making all SAIF premiums available for FICO payments* would reduce the likelihood of a default on FICO payments but would do nothing to solve SAIF's problems.

(2) *Spreading FICO payments over all FDIC-insured institutions* would avoid the vicious circle described above and permit SAIF to capitalize. And it would leave BIF premiums only about 2.5 cents higher per \$100 of deposits than they

otherwise would have been -- still allowing for a dramatic decline from the premiums prevailing in recent years.

(3) *Imposing a special assessment on all SAIF-insured deposits* would capitalize SAIF quickly. If an institution's special assessment were based on its deposits as of a past date (e.g., December 31, 1994), the assessment would be difficult to evade and would not create perverse incentives to shrink SAIF-insured deposits. Standing alone, however, a special assessment would not solve SAIF's problems.

(4) *Using unspent RTC funds to cover SAIF losses* for several years after June 30, 1995 (when the RTC stops taking in new failed institutions), would help SAIF build reserves -- or help protect a merged fund from SAIF losses.

(5) *Merging BIF and a recapitalized SAIF* would fully resolve SAIF's problems and would not dilute BIF. Indeed, it would avoid dilution of BIF that could otherwise occur (e.g., if SAIF members form affiliated banks that grow rapidly).

(6) *Abolishing the thrift charter* could be pursued if it would contribute to an overall solution of SAIF's problems.

Having identified SAIF's problems before they develop into a crisis, we have an opportunity to work together to develop a feasible and lasting solution.

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Madam Chairwoman, Mr. Vento, Members of the Subcommittee.

I appreciate this opportunity to present the Administration's views on the condition and prospects of the Savings Association Insurance Fund (SAIF), one of the Federal Deposit Insurance Corporation's two deposit insurance funds. SAIF-insured deposits were held by 1,802 savings institutions and 764 commercial banks, located in every state, as of year-end 1994. These deposits constituted almost 23 percent of all domestic deposits at FDIC-insured institutions.

SAIF's problems have been a source of increasing concern to us at the Treasury, as Secretary Rubin indicated when testifying before the full Committee on March 1. We warned of those problems as early as 1993:

"A wide disparity between BIF and SAIF premiums will encourage SAIF-insured institutions to reduce their reliance on insured deposits (e.g., by operating more like mortgage banks), regardless of any moratorium on conversions. If SAIF-insured deposits continue to shrink -- as we believe will occur if BIF and SAIF premiums diverge so significantly -- SAIF's

assessment base will eventually decline to the point that premium income will not even cover FICO payments." [See page 12, footnote 5.]

We continue to believe that these problems merit attention and action.

In my testimony, I will (1) describe the problems SAIF faces; (2) explain the need for action to resolve those problems; (3) set forth criteria for a solution; and (4) discuss possible options.

I. SAIF'S PROBLEMS

SAIF has four major weaknesses: slender reserves; meager income; greater-than-optimal concentrations of risk; and, most significantly, a declining assessment base. Together, these weaknesses raise doubts about SAIF's long-term viability. I will discuss each of the weaknesses in turn.

A. SLENDER RESERVES

First, SAIF has slender reserves. As of December 31, 1994, SAIF held \$1.94 billion in reserves to cover \$693 billion in insured deposits. These reserves amounted to only 28 cents per \$100 of insured deposits -- just over one-fifth of the way toward meeting the statutory target of having \$1.25 in reserves per \$100 of insured deposits. The failure of one or two large thrift institutions could exhaust these reserves and leave the Fund insolvent.

By contrast, the Bank Insurance Fund (BIF) had reserves of \$21.85 billion at year-end 1994 to cover \$1.9 trillion in insured deposits -- about \$1.15 in reserves per \$100 of insured deposits. The FDIC estimates that BIF's reserves will reach the statutorily required level of \$1.25 per \$100 of insured deposits this year.

SAIF's reserves would be at or above that level if SAIF had received all or even most of the premiums paid on SAIF-insured deposits since the Fund's inception in August 1989. SAIF has had a high premium rate throughout its history. But 77 percent of SAIF premiums had gone to non-SAIF uses as of December 31, 1994: 12 percent to the Resolution Funding Corporation (\$1.1 billion); 22 percent to the FSLIC Resolution Fund (\$2.0 billion); and 43 percent to pay interest on Financing Corporation (FICO) bonds (\$3.9 billion). If SAIF had received these premiums, its reserves would have stood at \$8.9 billion as of December 31, 1994 -- 1.28 percent of insured deposits -- plus interest on the foregone premiums.

B. MEAGER INCOME

Second, SAIF has only meager income with which to protect depositors and build reserves. Although the Resolution Funding Corporation and FSLIC Resolution Fund no longer receive SAIF premiums, FICO bonds continue to claim a large proportion of those premiums. By law, the first \$793 million in premiums paid annually by SAIF-member savings associations goes to pay the interest on

FICO bonds, which were issued from 1987 through 1989 to cover losses of the old Federal Savings and Loan Insurance Corporation.¹ FICO payments currently consume some 45 percent of all SAIF premiums. Continued shrinkage of SAIF's assessment base (i.e., the deposits on which SAIF can levy premiums) will only increase the percentage taken by FICO payments, leaving SAIF even less income with which to protect depositors and build reserves.

C. CONCENTRATIONS OF RISK

Third, SAIF has greater-than-optimal concentrations of risk. These concentrations arise because SAIF insures a specialized industry and because of the industry's concentration in large West Coast institutions. SAIF-member institutions tend to be more like each other than BIF-member institutions: they invest mainly in residential-mortgage-related assets. Although SAIF members *individually* tend to be at least as safe as commercial banks with similar capital ratios and management quality, SAIF itself may face increased risks from insuring institutions whose asset portfolios correlate with one another to a greater degree than those of BIF members. Thus, for example, adverse changes in interest rates or housing markets could put many SAIF members under stress at the same time. Furthermore, eight of the ten largest thrifts (ranked by domestic deposits) have headquarters in California. These eight thrifts held 18 percent of SAIF-insured

¹For technical reasons, the actual payments from SAIF members to FICO have been less. Going forward, the payments will be at, or close to, the full \$793 million FICO interest cost.

deposits² as of year-end 1994. This geographic concentration increases the risk of problems in the Fund that could affect all SAIF-insured institutions, nationwide.

D. DECLINING ASSESSMENT BASE

Fourth, and most importantly by far, SAIF has a declining assessment base. In 1989, when proposing the creation of SAIF, the Bush Administration projected that SAIF's assessment base would grow 7 percent annually. Similarly, the Congressional Budget Office (CBO) assumed 6 percent annual growth. In fact, SAIF-insured deposits have shrunk 24 percent over the past five years, from \$950 billion at the end of 1989 to \$721 billion at the end of 1994 -- an annual shrinkage rate of 5.4 percent. These deposits will almost certainly continue to shrink, as I will explain, because depository institutions have both the *motive* and the *means* to reduce their reliance on SAIF-insured deposits.

II. NEED FOR ACTION

We believe it would be unwise to base policy on projections that SAIF's assessment base will stabilize or will shrink only very slowly. Institutions with SAIF-insured deposits have strong economic incentives to reduce their use of such

²For brevity, I use the term "SAIF-insured deposits" to refer to *any* deposits at SAIF-member depository institutions and *any* Oakar deposits at BIF-member institutions (see footnote 3), whether or not those deposits exceed the \$100,000 limit on insurance coverage. (SAIF members have only minimal amounts of uninsured deposits.)

deposits, and to a significant extent they also have the ability to do so. The resulting shrinkage could be considerably more rapid than the 2 percent rate the FDIC staff projected in January. Indeed, the very uncertainty surrounding future trends in SAIF's assessment base will tend to encourage accelerated shrinkage. We believe this prospect of shrinkage makes a compelling case for resolving SAIF's problems now.

A. INCENTIVES TO REDUCE RELIANCE ON SAIF-INSURED DEPOSITS

Depository institutions have strong incentives to reduce their reliance on SAIF-insured deposits. The most acute incentives arise from the prospect of a large and protracted differential between BIF and SAIF premiums. The healthiest members of BIF and SAIF all currently pay 23 cents in premiums per \$100 of domestic deposits. Because BIF is close to recapitalizing, the FDIC has proposed reducing the BIF premium rate for healthy BIF-insured institutions to 4 cents per \$100, while maintaining the corresponding SAIF rate at 23 cents per \$100. The healthiest SAIF members would thus pay 575 percent as much as BIF members *for the same insurance coverage*. Since savings institutions must meet the same capital and other regulatory standards as banks, such a wide differential in a low-margin business would put thrifts at a significant competitive disadvantage.

A hefty BIF-SAIF differential could persist for years, especially in view of the large and increasing proportion of SAIF's income consumed by payments on FICO bonds. Even if SAIF were to reach the 1.25 percent target early in the next

century, the FICO obligation would perpetuate a large differential until 2019, when the FICO bonds will be paid off.

Apart from any shrinkage of the total SAIF assessment base, the General Accounting Office (GAO) has noted that SAIF members also face the possibility that the FDIC might need to increase SAIF premiums to offset the shrinkage in the proportion of SAIF-insured deposits from which premiums can be used for FICO payments.³

³The deposits in question are known as "Oakar" and "Sasser" deposits. As relevant here, Oakar deposits result when a SAIF member merges into a BIF member. SAIF remains responsible for insuring the portion of the BIF member's deposits attributable to the former SAIF member, and the BIF member pays premiums on those deposits at the SAIF rate. Sasser deposits result when a SAIF member becomes a bank but remains SAIF-insured. As of year-end 1994, Oakar deposits account for some 25 percent of SAIF's assessment base; Sasser deposits accounted for 7 percent.

The FDIC has ruled that payments on FICO bonds can be made only from premiums paid on SAIF-member savings association deposits, and not from premiums paid on Oakar and Sasser deposits. Thus, as the percentage of SAIF's assessment base in Oakar and Sasser deposits increases, the proportion of SAIF's income available for FICO payments decreases. (FICO payments consume two-thirds of the premiums from non-Oakar, non-Sasser deposits.) The GAO has noted that the growth of Oakar and Sasser deposits might, in itself, conceivably lead the FDIC to increase SAIF premiums -- so that income from SAIF-member savings associations alone must suffice to make FICO payments.

B. WAYS TO REDUCE RELIANCE ON SAIF-INSURED DEPOSITS

Current law generally prohibits SAIF members from converting to BIF membership.⁴ But depository institutions have ample means available to reduce their reliance on SAIF-insured deposits -- and thus avoid high premiums. They can operate more like mortgage banks. They can shift from SAIF-insured deposits to nondeposit funding sources. Or they can pursue more aggressive and unconventional approaches to avoid the prohibition against switching from SAIF to BIF.

1. Operating More Like Mortgage Banks

Savings institutions traditionally held in their portfolios the residential mortgage loans they originated, and funded those loans with federally insured deposits. Mortgage banks, by contrast, promptly sell off in the secondary market the loans they originate; they hold few loans -- only those they are waiting to sell off. Many savings institutions now operate to some degree like mortgage banks: they sell off some of the loans they originate.

⁴Until SAIF's reserves reach 1.25 percent of insured deposits, current law generally prohibits SAIF members from becoming BIF members and vice versa, and generally prohibits other "conversion" transactions between BIF and SAIF members, including: mergers; assumptions of deposit liabilities; transfers of assets in exchange for assumptions of deposit liabilities; and certain deposit transfers involving receiverships.

SAIF-member institutions can reduce their reliance on SAIF-insured deposits by operating more like mortgage banks. When the institutions originate residential mortgage loans, they can promptly sell them in the secondary market, instead of holding them in their portfolios. In this way, the institutions can do without deposits they have traditionally used to fund their loan portfolios -- and avoid the SAIF premiums they would otherwise pay on those deposits. Unfortunately, several types of mortgages that do not meet secondary market standards might not be available with a shift toward mortgage banking.

2. Shifting to Nondeposit Funding Sources

SAIF member institutions can also reduce their reliance on SAIF-insured deposits by shifting from deposits to other funding sources. In fact, deposits as a percentage of OTS-supervised thrifts' total assets have declined from 80 percent at the end of 1991 to 71 percent as of year-end 1994. Examples of how institutions can shift away from SAIF-insured deposits include the following:

- A SAIF member can increase its borrowings from the *Federal Home Loan Bank (FHLBank) System* -- a government-sponsored enterprise that makes long-term "advances" to depository institutions, generally for less than 50 basis points over the Treasury's own cost of funds. FHLBank advances carry no SAIF premiums and, because they are available in a wide range of maturities and terms, can help institutions manage their interest-rate risk.

For OTS-supervised thrifts, FHLBank advances financed 11.5 percent of total assets in 1994, up from 7.4 percent in 1991.

- A SAIF member can increase its use of other *secured borrowing* -- such as by obtaining funds through repurchase agreements, using securities as collateral. Funds obtained through these agreements financed 5.6 percent of the total assets of OTS-supervised institutions in 1994, up from 2.4 percent in 1991.
- A SAIF member whose holding company forms a BIF-member bank may seek to *accept deposits as agent* of the bank, perhaps in return for a commission from the bank. The bank might go on to loan the funds in question to the SAIF member.

In each case, SAIF comes out the loser. It collects no premiums on the nondeposit liabilities that its members use in place of insured deposits. Indeed, using FHLBank advances and other secured borrowings in place of deposits might actually put SAIF at greater risk of loss by requiring the institution to use high-quality assets as collateral, thereby making them unavailable to satisfy depositors' claims if the institution fails.

3. Other Approaches

Several large West Coast thrifts have applied to establish national banks with branches in their thrift lobbies. These banks, benefitting from soon-to-be-lower premiums than their sister thrifts, should be able to offer deposits and loans more competitively with those of other financial institutions. More attractive deposit rates will induce thrift customers to switch their accounts to the affiliated banks. Over time, this could allow a substantial proportion of such thrifts' deposits to escape SAIF despite the moratorium.

Another way to reduce reliance on SAIF-insured deposits might be for SAIF member institutions to acquire BIF-insured deposits through mergers -- also an Oakar transaction, but the reverse of the more common form in which BIF members buy SAIF deposit franchises.

4. Conclusion: Moratorium Doomed to Fail

The possible actions outlined above illustrate the flexibility SAIF members have to restructure their operations so as to soften the burden of high SAIF premium rates. The Government *cannot* realistically regulate this managerial flexibility out of existence -- e.g., by broadening the current moratorium on conversions between BIF and SAIF. Given the BIF-SAIF differential and other incentives for reduced reliance on SAIF-insured deposits, the ingenuity of financial markets would thwart attempts to prop up SAIF by such regulatory means. Such

attempts would afford SAIF no meaningful protection from shrinkage of its deposit base. On the contrary, they would be as futile as price controls aimed at charging some motorists \$6 a gallon for gasoline that other motorists can readily obtain for \$1 a gallon.

C. CONTINUING DECLINE LIKELY IN SAIF ASSESSMENT BASE

The combination of a declining assessment base and a fixed FICO obligation lies at the heart of SAIF's predicament. With little foreseeable prospect of relief from high premiums, SAIF members will tend to reduce their reliance on SAIF-insured deposits, thus deepening the decline of SAIF's assessment base. Shrinkage of the assessment base will reduce SAIF's income, and with it SAIF's ability to absorb losses and build reserves. But no matter how much SAIF's income shrinks, annual FICO payments will remain fixed at \$793 million, and will thus consume an even greater proportion of SAIF's remaining income. This burden of FICO payments will render SAIF's capitalization (i.e., building its reserves to 1.25 percent) increasingly distant and unlikely. Carried to its logical conclusion, this vicious circle could very well leave SAIF insolvent and the FICO interest payments in default.⁵ At a minimum, it underscores the shakiness of assuming

⁵The Administration warned of these risks while the Resolution Trust Corporation Completion Act of 1993 was pending. For example, a Treasury position paper distributed during the Conference on that legislation described the very problems now coming to pass:

"This projected decline in BIF premiums poses potentially serious problems for SAIF and the taxpayers who stand behind it. . . . At the time of FIRREA, [FICO] payments were not expected to burden SAIF significantly. Thrift institutions had

little or no shrinkage in the deposit base. We believe action is needed to break this cycle.

We would not rely on the growth of Oakar deposits to somehow resolve SAIF's problems. Oakar deposits, which now represent 25 percent of SAIF's assessment base, must by law be assumed to grow at the same rate as the deposits of the BIF member bank holding the Oakar SAIF deposits. The FDIC assumes that since SAIF member deposits will shrink but BIF member deposits will grow,

\$948 billion in deposits, and thrift deposits had been growing rapidly. The framers of FIRREA assumed that [SAIF-insured] deposits . . . would generally grow at an annual rate of 7.2 percent. FIRREA specifically contemplated that Congress would help build up SAIF with appropriated funds, thus offsetting the drain of FICO payments. In fact, SAIF-insured deposits have shrunk 23 percent since FIRREA, to \$734 billion -- declining at an average rate of some 6 percent per year (even as deposits at BIF-insured institutions remained stable). . . .

"These large and persistent declines in SAIF-insured deposits have increased the relative burden of FICO payments. If such deposits had grown as anticipated at the time of FIRREA, FICO payments would now consume 27 percent of SAIF's premium income. In fact, they now consume over 40 percent.

"Thus, although SAIF charges the same premium rates as BIF, SAIF will have difficulty building reserves. . . .

"If SAIF premiums averaged 25 basis points, premiums for healthy SAIF-insured institutions might be 15-20 basis points higher than premiums for comparable BIF-insured institutions. We are concerned that such a disparity could cause further shrinkage of SAIF-insured deposits and, over time, actually *reduce* SAIF's total premium income. Banks and thrifts operate on narrow margins in increasingly competitive financial services markets. A wide disparity between BIF and SAIF premiums will encourage SAIF-insured institutions to reduce their reliance on insured deposits (e.g., by operating more like mortgage banks), regardless of any moratorium on conversions. If SAIF-insured deposits continue to shrink -- as we believe will occur if BIF and SAIF premiums diverge so significantly -- SAIF's assessment base will eventually decline to the point that premium income will not even cover FICO payments."

Oakar deposits will become a greater percentage of the SAIF assessment base. This means that banks that have Oakar deposits will pay higher rates for deposit insurance -- at least until SAIF is capitalized -- than comparable banks without Oakar deposits. Since this will tend to discourage banks from purchasing any additional Oakar deposits and will discourage banks from bidding aggressively for those deposits, not only will SAIF's deposit base shrink, but costs for resolving future thrift failures could be expected to rise. Moreover, holders of Oakar deposits will also have significant incentives to find ways to avoid paying premiums on them at the higher SAIF rate.

D. CONSEQUENCES OF INACTION

1. SAIF

FDIC staff baseline projections released in January assumed a relatively low level of insurance losses -- i.e., that thrifts with 0.22 percent of all SAIF assets would fail per year -- enabling SAIF to capitalize in 2002. However, these projections also showed that SAIF's ability to recapitalize is highly sensitive to the assumed level of future insurance losses. For example, tripling the annual failure rate to 0.66 percent of SAIF assets would render SAIF incapable of capitalizing through at least 2019. Even this higher rate is substantially less than the 0.94 percent thrift asset failure rate observed during the past 15 years, excluding the high loss years of 1988-92. Historical experience therefore suggests a real

possibility that SAIF could linger for a long time in great weakness, or even become insolvent.

If SAIF were to become severely troubled or even insolvent, the FDIC might wish to protect depositors by drawing on its \$30 billion line of credit with the Treasury. But there is some uncertainty about whether the line of credit could be used under these circumstances. Section 14(c)(1) of the Federal Deposit Insurance Act allows the Secretary of the Treasury to disburse funds under the line of credit only pursuant to an agreement with the FDIC that provides a repayment schedule and demonstrates that available assessment income will be sufficient to meet the repayment schedule, including interest accruing on the balance. If SAIF's condition were to deteriorate to the point that the FDIC needed to draw on the line of credit, the burden of the FICO obligation might make it difficult to show that borrowings could be repaid from SAIF's premium income.

2. FICO Bonds

The continuing decline of SAIF's assessment base, coupled with the growth of Oakar and Sasser deposits, raises the possibility that the SAIF premiums available to make payments on FICO bonds (i.e., the premiums paid by SAIF-member savings associations) could fall below the requisite \$793 million. A 10 percent annual deposit shrinkage rate (excluding Oakar and Sasser deposits) would result in insufficient premium income to cover FICO bonds by 1998. A 10 percent rate might be low since three of the largest thrifts have announced plans that could

sharply reduce their SAIF-insured deposits, and many other institutions have expressed interest in doing likewise. These three institutions held about \$74 billion in SAIF deposits at year-end 1994, over 10 percent of the SAIF assessment base.

3. SAIF Members

Whether or not SAIF members succeed in extricating themselves from SAIF premiums and other perceived disadvantages of being associated with SAIF, failure to resolve SAIF's problems will make it more difficult for savings institutions to attract and retain capital, thus harming what remains of the thrift industry and diminishing the industry's capacity to help solve its problems. Delay could reduce the industry's ability to serve housing finance while raising the ultimate cost of resolving the problem. Delay could also harm SAIF by discouraging the formation of new SAIF-insured institutions, encouraging weak institutions to take excessive risks in an attempt to recover returns lost to the premium differential, and hindering efforts by the FDIC and OTS to find private-sector solutions for troubled institutions.

III. GUIDING PRINCIPLES

The Administration believes that six principles should guide any solution to the problems of SAIF:

- First, minimize the costs and risks to the taxpayers.

- Second, assure prompt capitalization of SAIF.
- Third, avoid default on the FICO bonds.
- Fourth, require a fair and substantial contribution from institutions with SAIF-insured deposits.
- Fifth, avoid market distortions and perverse incentives.
- And sixth, maintain public confidence in federal deposit insurance by acting promptly, before SAIF's problems become more serious.

IV. OPTIONS FOR RESOLVING SAIF'S PROBLEMS

I want to turn now to some of the possible options for dealing with SAIF's problems: (1) making all SAIF premiums available for FICO payments; (2) spreading FICO payments over all FDIC-insured institutions; (3) imposing a special assessment on all SAIF-insured deposits; (4) using unspent RTC funds to cover SAIF losses; and (5) merging BIF and SAIF. I will also discuss a sixth option that, although not a SAIF issue, might conceivably facilitate an overall solution: abolishing the thrift charter. A solution to SAIF's problems could combine two or more of these options. I will briefly describe and comment on each option.

A. MAKING ALL SAIF PREMIUMS AVAILABLE FOR FICO PAYMENTS

SAIF premiums from Oakar and Sasser deposits cannot now be used for FICO payments (as explained in footnote 3). These deposits generate over 32 percent of SAIF's premium income, and they have been growing both absolutely and as a percentage of SAIF-insured deposits (although the growth of Oakar deposits slowed in 1994). Making all SAIF premiums available for FICO payments would reduce the likelihood of a default on FICO payments. But such action by itself would do *nothing* to solve SAIF's problems, such as the combination of a declining assessment base with a fixed FICO obligation. Note, moreover, that there would be no need to make such changes separately if Congress chose to spread FICO payments over all FDIC-insured institutions or to merge the funds; each of those options incorporates this change.

B. SPREADING FICO PAYMENTS OVER ALL FDIC-INSURED INSTITUTIONS

SAIF's greatest vulnerability arises from the interaction between the fixed FICO obligation and SAIF's declining assessment base. Specifically, SAIF confronts the possibility of a vicious circle in which (1) FICO payments consume an increasing share of SAIF premiums, which (2) reduces SAIF's capacity to bear losses and build reserves and renders increasingly remote the prospect of SAIF reaching the 1.25 percent reserve level, which (3) makes SAIF-insured deposits less attractive as a funding source, which in turn (4) promotes further shrinkage of

the assessment base and leaves SAIF with even less income remaining after FICO payments.

Such a vicious circle is possible because FICO payments bulk large in relation to SAIF's income. This circle could be broken by having all FDIC-insured institutions bear responsibility for FICO payments. The FICO costs would be spread over a growing deposit base, now at \$3.2 trillion, instead of being concentrated in a shrinking deposit base now at \$488 billion (or \$721 billion counting Oakar and Sasser deposits). Spreading FICO payments would remove the damaging uncertainty the current arrangement creates for SAIF and its members, as well as the perverse incentives it gives SAIF members to shrink their deposits. Spreading FICO payments would also help SAIF bear losses and build reserves, and would thus reduce the duration of a BIF-SAIF premium differential. A stronger SAIF would reduce the risk to taxpayers of another deposit insurance crisis. There would be some equity in asking all FDIC-insured institutions to bear part of the cost, as all members have derived and continue to derive important benefits from maintaining the integrity of the Government's guarantee of deposits.

Looking to all FDIC-insured institutions for FICO payments would leave BIF premiums only about 2.5 cents higher per \$100 of deposits than they otherwise would have been. This would still allow for a dramatic decline from the 23 cent premiums prevailing during the past four years.

C. SPECIAL ASSESSMENT ON SAIF-INSURED DEPOSITS

One way to capitalize SAIF quickly would be to impose a special assessment on all SAIF-insured deposits (e.g., 40 cents per \$100 of domestic deposits payable on January 1, 1996, with another 20 cents payable in 8 quarterly installments of 2.5 cents each). Unlike regular SAIF premiums, the special assessment could use a retrospective assessment base -- namely, an institution's SAIF-insured deposits either on a specific date (e.g., December 31, 1994) or on average during a specific period (e.g., 1993-94). The special assessment avoids the distorting effects of maintaining high regular premiums (with a large BIF-SAIF differential) over a protracted period, and using a retrospective base gives institutions no new incentives to reduce their SAIF-insured deposits, since reducing such deposits will not affect their premium liability. For that same reason, a retrospective base also prevents evasion. A special assessment using such a base probably represents the best means of obtaining a substantial contribution from institutions with SAIF-insured deposits without significantly distorting those institutions' behavior.

It should be noted, however, that a special assessment, standing alone, would not solve SAIF's problems. It would speed up SAIF's cash flows but do nothing to correct SAIF's most serious problem: the adverse effects of applying the fixed FICO obligation to a shrinking SAIF assessment base.

A large special assessment could, however, put marginal institutions under some stress if it immediately diminished thrifts' capital. Some well-capitalized

institutions would become adequately capitalized, and some adequately capitalized institutions would become undercapitalized; and such institutions would face increased deposit premiums until they returned to their former capital category. But few institutions would be likely to fail.

D. USING UNSPENT RTC FUNDS TO COVER SAIF LOSSES

The Resolution Trust Corporation Completion Act of 1993 provided \$18.3 billion to resolve failed savings institutions. It is too early to tell just how much of these funds the RTC will need to cover its losses: the ultimate amount will depend on how much is recovered from the remaining assets of RTC receiverships and the settlement of various claims. Nonetheless, we currently expect that the RTC will not need at least \$10 billion of the funds provided by the Completion Act. SAIF, rather than the RTC, will resolve thrifts failing after June 30, 1995. Until the end of 1997, SAIF can, under certain circumstances, use unspent RTC funds to cover losses at failed SAIF-insured institutions.

Some have proposed using unspent RTC funds to cover payments on FICO bonds (e.g., "defeasing" future payments by purchasing approximately \$8 billion in Treasury coupon strips that will pay the semiannual interest obligations on the bonds). But the Congressional Budget Office and the Office of Management and Budget have ruled that such a use of unspent RTC funds would constitute new outlays for interest on debt securities, and would thus be subject to the pay-as-you-go requirement.

An alternative approach would be simply to extend the period during which RTC funds are used to resolve failed SAIF members. The RTC would still stop taking in new failed institutions after June 30, 1995, and would still go out of business as scheduled. Just as the RTC now uses its own funds to resolve failing SAIF members, the FDIC would use unspent RTC funds to resolve any SAIF members failing during the extended period.

This approach would strengthen SAIF by freeing the Fund from resolution costs during the extension period: money that might otherwise have gone for resolutions could be used to build up the Fund. This approach would also free SAIF from the possibility that the failure of one or two large institutions during that period could render the Fund insolvent or deal a severe setback to any capitalization schedule. We are reviewing the pay-as-you-go implications of this approach.

E. MERGING BIF AND A FULLY CAPITALIZED SAIF

Another option would be to merge a fully capitalized SAIF with BIF, whether next year or at some later date. (An early merger would require a special assessment up front to recapitalize SAIF.) A merger would resolve SAIF's inherent weaknesses, notably its declining assessment base and lack of geographic and asset diversification, and reduce the risks to FICO bondholders by spreading interest costs over a much larger and growing base. It would eliminate the distorting incentives to shrink SAIF-insured deposits or escape SAIF membership.

Spreading FICO payments over BIF as well as SAIF (as discussed in Part IV-A) would make the premiums of the combined fund slightly higher than those currently projected for BIF. A merger, by contrast, could actually help offset those increased costs. SAIF members have higher deposit-to-asset ratios than BIF members, and thus pay higher premiums per dollar of assets. If insurance losses are proportional to assets, as has generally been assumed, then SAIF members may well pay higher premiums relative to their risks than BIF members. Moreover, merging a recapitalized SAIF with BIF would avoid diluting BIF. SAIF would bring with it \$1.25 in reserves for each \$100 in insured deposits. By contrast, under Great Western's proposal to establish affiliated BIF-insured banks, BIF would gain insured deposits but not reserves. Hence BIF's reserve ratio would decrease temporarily, until restored by premiums or earnings.

F. COMMON CHARTER

As part of a larger solution to SAIF's problems, the Committee may wish to consider whether it makes sense to maintain a separate thrift charter and a separate federal regulatory system for thrifts. Although one can readily foresee a continuing market for specialized housing lenders, that does not necessarily mean we need a specialized charter. Savings institutions could continue their current businesses using bank charters.

SAIF's problems can be solved without a common bank-thrift charter, and it would make sense to pursue such a charter in this context only if it furthered an overall solution.

G. AN OBSERVATION

There are no easy or universally palatable solutions to SAIF's problems. Any real solution would probably (1) draw on two or more options of the sort I have discussed; (2) require some shared sacrifice from the various stakeholders; and (3) result from Congress and the Administration working together to find a combination of options that strikes the appropriate balance in satisfying the principles we have set forth.

V. CONCLUSION

I have described what we in the Administration believe are serious weaknesses in SAIF -- weaknesses that cast doubt on the Fund's long-term viability. The large, impending disparity between BIF and SAIF premiums heightens the prospects for further weakening of SAIF, especially by accelerating the erosion of the deposit base. SAIF members will have the incentives and the ability to reduce their reliance on SAIF-insured deposits, regardless of any moratorium on switching funds. Inaction would increase the risks of another thrift deposit insurance fund insolvency crisis and a potential default on FICO debt. Any solution should minimize the costs to the taxpayers, provide for prompt

capitalization of SAIF and payments on the FICO bonds, require a significant contribution from SAIF-insured institutions, avoid market distortions, and maintain public confidence in the deposit insurance system.

After the deposit insurance debacles of the 1980s and early 1990s, we have an opportunity here. We have identified the problems before the crisis. This gives us the opportunity to work together to develop a thoughtful and lasting solution. Some would have us squander this opportunity by denying that problems exist and waiting until they hit us over the head. As we know, that is how policymakers dealt with the thrift debacle during the 1980s. The question here is not whether there will be problems; there are problems today. The question is when these problems will become a true crisis -- and that may occur sooner than many believe possible.

We stand ready to work with this Subcommittee and other Members of Congress to develop and enact solutions to SAIF's problems.

THE WHITE HOUSE
WASHINGTON

✓
5/16/95
THE PRESIDENT HAS SEEN

Mr. President:

The attached per your request.

Alexis

Attachment

Social
Fyl-B.

Curb Cuban immigration?

Yes, most in survey agree

M.H. 5-15-95 CUBA/immig.

By JOHN LANTIGUA and STEPHEN K. DOIG
Herald Staff Writers

Nearly half of Cuban Americans in Dade agree with other county residents that immigration from Cuba should be sharply limited, according to a new Herald poll.

In a weekend survey of 485 county residents, pollsters found significant disagreement within the Cuban-American commu-

■ QUESTIONS AND RESPONSES, 6A

nity about Cuban immigration and how the U.S. government should handle it. While most of them favor blanket admission of Cubans into this country as legal residents, a sizable number of Cuban Americans feel differently.

At least a third of Cuban Americans sur-

veyed also agreed that:

■ The U.S. government was not wrong to repatriate Cuban rafters back to Cuba.

■ Cubans who arrive in the United States without visas should be considered illegal immigrants.

■ Cubans should be treated the same as

PLEASE SEE POLL, 6A

TIME FOR LIMITS?

Future Cuban immigration should be sharply limited, according to a solid majority of non-Cubans in Dade. Nearly half of Dade Cuban-Americans agree.

The statement: "The U.S. was right to admit Cuban refugees in the past, but the time has come to sharply limit Cuban immigration."

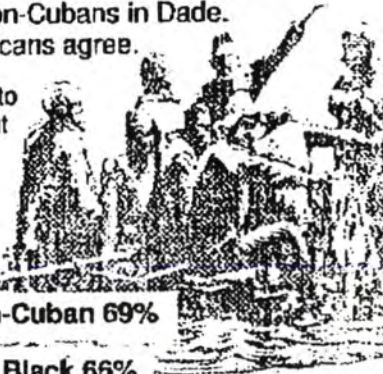
Those in agreement:

Cuban 45%

Hispanic non-Cuban 69%

Black 66%

White non-Hispanic 69%



Leon
Harold
Mack
McLenny
Sandy
MONT

Haitian or other immigrants, not afforded a special status that grants them automatic legal residency.

■ Cubans now fleeing the island are economic refugees looking for a better life, not political refugees fleeing repression.

■ Dade County schools are overcrowded because of immigration.

"The Cuban community has never been monolithic," said Damian Fernandez, a professor of International Studies at Florida International University. "In the population in general, there is a feeling we have to close the door and Cubans are not immune to those feelings."

"Cubans here now have their feet in two camps," he said. "In part they see themselves as political refugees and in part they are members of a minority trying to make it in this country. The immigration issue affects them in that sense as well."

Most Cuban Americans surveyed still believe they have a moral duty to oppose the repatriation of Cuban rafters and feel strongly that anyone returned to Cuba will face persecution by President Fidel Castro's government.

They feel betrayed by President Clinton and, more often than not, say last week's traffic tie-ups and other acts of disruptive civil disobedience were effective in gaining sympathy for the Cuban exile cause.

That puts them tremendously at odds with their neighbors — blacks, Anglos and non-Cuban Hispanics.

"I think it is clear that [the majority of] Cubans have isolated themselves politically from the rest of the population," said Miguel Gonzalez Pando, director of the Cuban Living History Project at Florida International University.

"For years, they didn't make the effort to make contact with these other groups, to explain their issues, and now it is showing."

An attempt by protest leaders to compare their cause with the civil rights movement of the 1960s didn't register with blacks polled. Two-thirds said they didn't consider Cuban immigration a civil rights issue.

"If the Cubans had shown more support for the Haitian boat people, maybe they could count on support now," said Gonzalez Pando. "Now the shoe is on the other foot."

The non-Cuban groups polled also strongly oppose disruptive acts of civil disobedience used recently by Cubans to protest President Clinton's new policy of repatriating Cuban rafters. More than half of the non-Cubans polled said those demonstrators should be immediately arrested.

"I think it is clear that the demonstrations have not been effective in terms of changing the perception of the population as to the plight of the Cuban people," said Antonio Jorge, professor of economics and international relations at FIU. "These people don't have the same political experience Cuban people do, an experience of totalitarianism, and the Cuban community has not done the job of communicating that."

Almost one third of Cuban Americans polled also felt that protesters who block public thoroughfares should be arrested and said the protests have been ineffective.

"Many Cubans are saying, 'The culprit is not my neighbor,'" Fernandez said. "It is Washington that is the culprit. I think if the disturbances go on another week, most Cubans will be against them."

There were several areas in which all the groups agreed.

They concurred that Cuban and Haitian refugees should be treated the same, that the eco-

nomic embargo against Cuba should not be lifted, and that immigrants, in general, end up paying their fair share of taxes.

They also agreed that Cuban protesters were treated better than blacks who have rallied on behalf of Haitians.

On several issues, the Cuban Americans found support from other Hispanics. Nearly half of other Hispanics felt the United States was wrong to repatriate Cuban rafters and that Cuban immigration is a civil rights issue. They agreed that the Cuban government will persecute rafters returning to Cuba.

11 more rafters picked up; all are facing possible return

CUBANS, FROM 1A

and third groups to be picked up by the Coast Guard since President Clinton's decision last week to change immigration policy and deliberately return Cubans to their homeland for the first time since Fidel Castro seized power in 1959. The first group of 13 Cuban rafters was repatriated Tuesday, when a Coast Guard boat docked at the port of Cabañas, about 38 miles east of Havana.

In Washington, government officials Thursday downplayed reports that the Cuban government might be harassing that

Exile leaders plan a 'work stoppage' day for Tuesday in which Cuban Americans will be asked to stop all their activities.

first group of repatriated Cubans, who on Wednesday traveled from Cabañas to their home province of Camaguey.

Members of the repatriated group have said they've been

shadowed by Cuban authorities since their return to Camaguey. One of the rafters said he was followed by a car with men whom he recognized as plainclothes State Security agents. Another man reported that police were monitoring his mother's home.

Doubts raised

However, a State Department cable from two U.S. officials who interviewed most of the repatriated rafters raised doubts about allegations that they were mistreated.

According to the cable, the officials met with eight of the 13 returnees between 4:30 and 8 p.m. Wednesday.

"In the initial meetings, the returnees noted that they were well treated by authorities," the cable said. "However, all were obviously unhappy about the fact of being back in Cuba."

"At one point during the day, U.S. Interest Section officers were told Cuban police were at the home of two returnees, Cesar and Ulises Cabale. When the officers arrived, they found no sign of the police. The Cabales complained, however, that earlier in the day, a police motorcycle and sidecar had visited the house opposite, which is the location of the CDR [Revolutionary Defense Committee] representative for the neighborhood. The Cabale brothers did not tell us of any other alleged harassment."

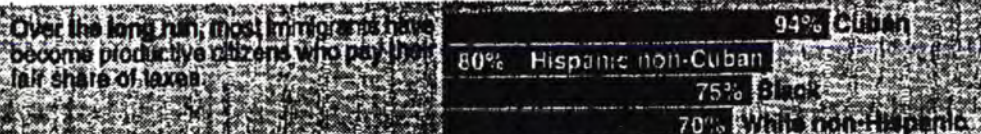
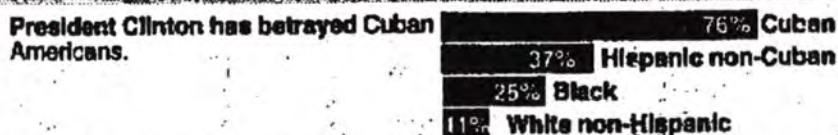
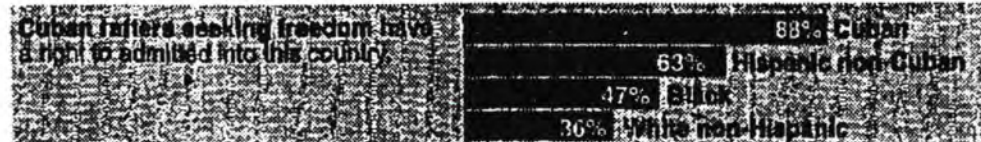
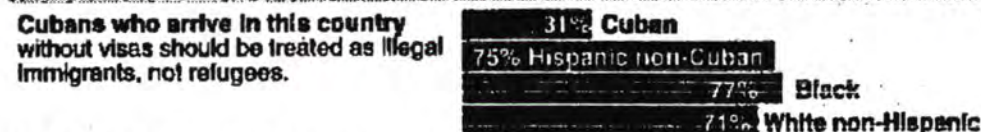
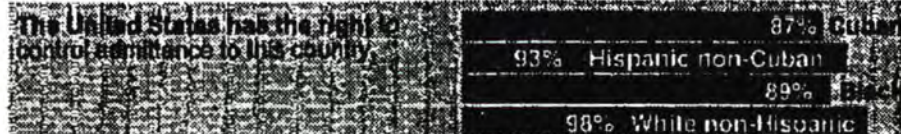
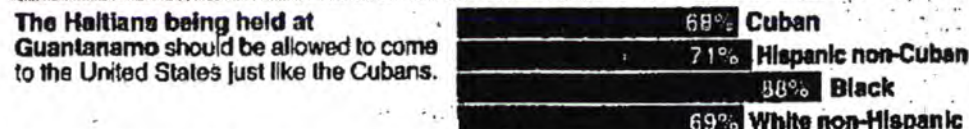
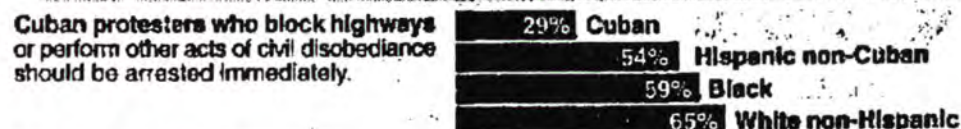
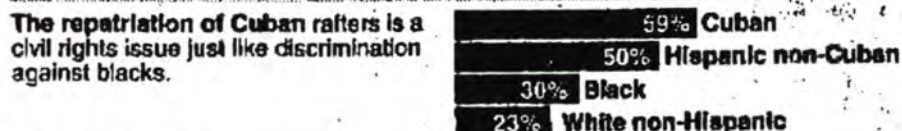
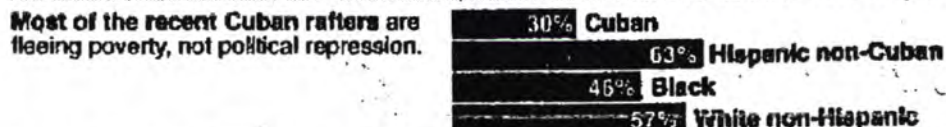
In a phone interview from Havana, a spokesman for the U.S. Interests Section said the Cubans were upset to learn that the repatriation process would not give them any advantage or shortcut in seeking a visa to travel legally to the United States.

RIPPING CLINTON:
Gladys Lavastida tears up a picture of President Clinton during a demonstration at Coral Way and 27th Avenue against the new policy to repatriate Cuban refugees.



MURI YALLBONA
Herald Staff

This Herald telephone survey asked 485 Dade County adults whether they agree, agree strongly, disagree or disagree strongly with the following statements. The figures here show what percentage of respondents from each of Dade's major ethnic groups said they agree or agree strongly with the statement.



HOW THIS POLL WAS DONE

This poll, conducted for The Herald by the Prange & O'Hearn Marketing and Research Group of Miami, is based on telephone interviews completed Saturday and Sunday, May 13-14, with 485 adult Dade County residents. Respondents' telephone numbers were selected randomly using a technique called random-digit dialing. The interviews were done in English or Spanish, depending on each respondent's preference.

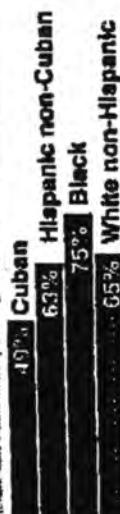
Because the poll was designed to examine differences in opinion among Dade's major ethnic groups, the overall sample doesn't reflect Dade demographics, but rather target samples for each group. Interviewers talked with 92 non-Hispanic

white respondents, for a sampling error margin of plus or minus 10.2 percentage points; 44 non-Hispanic black respondents (plus or minus 14.1 points); 100 non-Cuban Hispanics (plus or minus 9.8 points); and 249 Cubans (plus or minus 3.2 points).

The sampling error margin means, for instance, that if all Dade County Cubans could be asked a particular question, there is a 95 percent chance that the actual results would be within 3.2 points of the answers given on this survey. Other sources of error, such as in the wording of questions, are possible, but cannot be quantified.

—STEPHEN K. DOIG

The Cuban-American protesters who blocked traffic were treated better by police than African-American protesters would have been treated.



Cuban rafters who are returned will be persecuted by the Castro government.



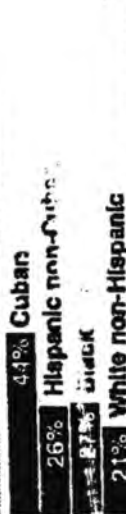
President Clinton made the right decision to end the Guantanamo crisis and stop future waves of rafters.



Cuban-Americans have a moral duty to oppose the repatriation of Cuban rafters.



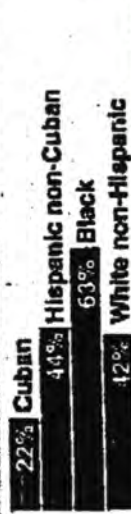
President Clinton should have consulted with Jorge Mas Canosa before deciding to send Cuban rafters back to Cuba.



Cuban people who want freedom should stay and resist Castro rule, then leaving their country.



The United States should establish normal diplomatic relations with Cuba.



The U.S. should launch a military invasion of Cuba in order to restore democracy there.



Illegal immigrants are responsible for a significant amount of overcrowding in



President Clinton did the right thing in allowing the 20,000 Cubans to come here from Guantanamo.



Haitians at Navy base ask: Why are we here?

M.H. 5-15-95 MH/IT

RACHEL L. SWARNS
Lead Staff Writer

U.S. NAVAL BASE AT GUANTANAMO BAY, Cuba — As the ragged boat neared apart midway through its journey to America, a 17-year-old disabled girl found solace in the memory of her father's face. She lived across the ocean, far from her father's grave and her home in Haiti, in a place with big hospitals and doctors who could make her walk straight.

■ IN SEARCH OF DAD, 8A
■ DISABLED GIRL IS TAUNTED, 8A

When she saw the U.S. Coast Guard cutter steaming toward the leaky boat, she rejoiced. "I knew they were taking me to my father in Miami."

Eleven months later, she hides in a green army tent in the detention camp for unaccompanied Haitian rafter children here. She never made it to Miami. She never got

the operation she needed. The other children taunt her until she limps to her tent in tears.

"Eleven months of sadness," Marie-Carol Celestin, whose father begged military officials to release her from his care. "Why am I still here?"

As jubilant Cuban rafters abandon sweltering camps here for new homes in

PLEASE SEE HAITIANS

HAITIANS, FROM 1A

United States, Celestin's question reverberates among the 229 Haitian children held in Camp 9. Her story illustrates the frustrations of the minors, who risked their lives trying to reach the United States, only to be detained here for nearly a year with little hope of attaining their dream.

The U.S. argument

The U.S. government says the children must return to Haiti, where democracy has been restored. About 60 have already gone home. Rumors swirling among refugee resettlement agencies hint at an imminent policy change and the possibility that the children may be paroled into the United States. But so far, nothing concrete has materialized. And tension in the camp is rising.

Last week, dozens of children pelted soldiers with rocks and oranges and set tents on fire, protesting the new U.S. policy that admits only Cuban rafters here into the United States.

The disturbances captured the national spotlight. But until then, the children were virtually invisible, held incommunicado from reporters and photographers by military officials for months. In their first interviews with *The Herald* last week, they described their risky voyages from Haiti, their daily frustrations and their fears of going home.

They fled Haiti during the summer of 1994, when military dictators ruled the country and ousted President Jean-Bertrand Aristide lived in exile. Some parents, fearing persecution, put their sons and daughters on rickety boats. Other children fled when their relatives were killed. Others hoped to escape poverty. When the boats lurched to sea, they jumped on board.

But instead of reaching the United States, they ended up in Guantanamo, a desolate camp filled with rows and rows of green burlap tents, surrounded by metal fences topped with barbed wire. And as the months pass and blistering day melts



MARICE COHN BAND / Herald Staff

FACE OF FRUSTRATION: A young Haitian girl spends her days in Camp McCalla #9, a camp for unaccompanied minors.

into blistering day, the frustration rises.

One girl cries for days after her best friend is sent back to Haiti. Another boy takes three showers daily, trying to take the edge off the burning heat. And thunder clouds send the chil-

dren scurrying for plastic bags that never quite manage to keep the rain from soaking their cots and clothes.

For entertainment, the children sing in Creole, braid hair, or play marbles in the dust, with balls popped out of roll-on deo-

dorant bottles. On bad days, they fight. They set fires. Or they refuse to go to school.

Last year, the United States admitted all unaccompanied Cuban rafter children. Two weeks ago, the U.S. government announced that nearly all the remaining 21,000 Cuban rafters would be admitted.

Growing bitter

As the Cubans rejoiced, the Haitians grew bitter. Why, they wondered, didn't they receive a blanket welcome to the United States?

"It hurts us very much," said a 17-year-old girl, whose father lives in the United States. She could not be identified without her parents' permission. "The Cubans found us here. But the Cubans are leaving and we're still here."

The U.S. government says the decision is consistent with long-practiced U.S. refugee policy: Haitians can return to a democracy, while Cubans cannot.

The United Nations High Commissioner for Refugees, which handles the resettlement

of the Haitian children, says only children without parents or principle caretakers in Haiti, and children facing the threat of political violence in Haiti end up in the United States. Twenty-three children have been paroled so far.

"It's not a simple matter that life is better for kids in the United States," said Michael Troje, the U.N. refugee expert who is tracing relatives in Haiti. "Their emotional health is better in their own country."

But that argument carries little weight with the children. Last week, after the United States announced the Cubans would be leaving, they refused to attend school. They started a hunger strike. And on huge white sheets, hung from the fences, they voiced their outrage in blue magic marker.

To them, the reason for the disparity in treatment was painfully clear.

"Because we are black," the sign read. "We have not the same blood."

"In front of God, everybody is the same thing."

Reboredo's D.C. trip was paid by taxpayers; 'I am not ashamed'



Reboredo

M.H.S-13-95 Comm. Reboredo
By DEXTER FILKINS
Herald Staff Writer

Metro Commissioner Pedro Reboredo's highly publicized arrest at the White House steps earlier this week has a footnote: Taxpayers paid for the trip.

Reboredo billed his \$486 round-trip flight to Washington to Metro government. He plans to submit the rest of his expenses — about \$250 on hotel, dinner and taxis.

Reboredo and U.S. Rep. Lincoln Diaz-Balart were arrested outside the White House Tuesday when they protested Clinton's Cuba policy.

Reboredo said he happened to be in Washington on county business when he learned of Diaz-Balart's plans.

"May I go with you?" Reboredo asked.

The two were arrested in the afternoon and released in the afternoon. Reboredo flew home that night, met reporters at the airport and called a press conference the next day.

Reboredo said the arrest prevented him from accomplishing much of his official business. He said he went to Washington to lobby for more immigration staffing at Miami International Airport.

He didn't have any appointments with INS or other officials, he said.

Reboredo said he doesn't have any regrets about his action.

"If I put in 60 hours a week [as a commissioner], and while doing it I get involved in a personal thing, so be it. I am not ashamed."

Try *this* for a lose-lose

M.H. 5-15-95 CUBA

If you held a contest for bad ideas, you couldn't top the planned work stoppage across Greater Miami tomorrow to protest the change in U.S. policy toward Cuban immigrants. The organizers' avowed aim is to "shut down Miami," as if this were some Third World backwater.

This effort is wrong by every measure of wrong. It targets the wrong people in the wrong place by the wrong method. It will bring its sponsors not community sympathy but more community division. Unless there is trouble, which would be tragic, this work stoppage will be barely noticed, and less noted, by those to whom it should be addressed: the policymakers in Washington, D.C.

Oh, not to worry, it'll surely be noticed by that fiendish policymaker in Havana: Fidel Castro. He may tip over his La-Z-Despot lounge chair in paroxysms of laughter at how the people whom he has hurt so much hurt only themselves and their community in a misguided tactic aimed in part at him.

Yes, Castro couldn't be happier. This effort to "shut down Miami" costs him zero, hurts him not at all. Fact is, it may benefit him further by (as it has) increasing Miami's internal frustrations. While Castro busts a gut laughing, what's the effect on us here? For starters:

■ Businesses (especially in Cuban Miami) will forgo all or part of a day's

WORK-STOP PROTEST

Castro himself couldn't have devised a scheme more harmful — *to us only* — than tomorrow's Miami work stoppage.

income. For many and-pop operations, that's a severe price for a mere feckless gesture.

■ Employees will forfeit untold pay or vacation time if they feel compelled to show solidarity by not working. We respect deeply those who, for reasons

of conscience, will sacrifice. What a pity though, that their sacrifice won't have a beneficial impact in Washington or Havana! The only impact — *adverse* — will be here, on them, on all of us.

■ We stand the real chance of making this city of the future, this city that seeks to be this hemisphere's 21st Century capital, simply look foolish in Washington (where the real policy power is) and, indeed, to much of South Florida.

■ Public sentiment was 63 percent more negative vs. only 17 percent more positive toward the Cuban community's cause after protesters last week created major traffic jams by blocking arterial roads. If the goal is to drive that disfavor further toward 100 percent, this work stoppage is an ideal 16-wheeler.

This protest is a lose-lose. It won't help the rafters. It won't help their sympathizers. It won't help the Cuban community's sympathy among Greater Miami's other communities.

Whom might it help, then? By our measure, only one person: the in-Fidel in Havana. The ever-wily Castro couldn't have wished for a better outcome had he planned it himself.

Opposition yes . . . protests no

M.H. 5-15-95 CUBA

Many Cuban Americans in New Jersey question Miami methods

By MICHAEL WARREN
Special to The Herald

UNION CITY, N.J. — Many of the Cubans here don't like the idea of *balseros* being forcibly returned to Cuba, but they don't plan to demonstrate against President Clinton's policy turnabout either.

"It's not going to work. It's not going to resolve anything," said Fernando Albar during a lively street-side debate this weekend. Unlike Cubans in Miami, people here have little appetite for carrying signs or blocking traffic.

"We talk too much. That's why Castro's still in Cuba," joked Albar, 42, a pantyhose distributor who has lived in Union City since the Mariel boatlift.

Outside the Pathmark store, none of the shoppers had heard of any demonstrations, much less planned to take part in one.

"Making demonstrations with the Cuban flag is a mistake," said Yda Medina. "If a country welcomes you with open arms, you shouldn't demonstrate against its policies."

Medina, 45, has lived in New Jersey for 30 years. Like many who once made Union City one of the largest Cuban communities outside Florida, she has moved to the suburbs. She still comes here to shop and see friends, but on Bergenline Avenue, the stores are being taken over by Colombians, Mexicans and Puerto Ricans. The sense of community isn't as strong, and people have other priorities.

"In Miami, everybody lives for politics," Medina said. "We're more integrated with Americans. We're not involved in that mess of knocking down Castro."

'We're too busy'

Jose and Mabel Porta might have reason to demonstrate. A year ago last week, they fled Cuba with their two daughters in a small boat, and were taken to the United States by the Coast Guard. But protest? They're worried more about finding health insurance and getting off welfare. "Here, people have talked

about it, but I haven't heard of any demonstrations. And if there were, we wouldn't have joined it anyway," Porta said. "We're trying to find work. We're too busy to join in any parade."

Outside the Dairy Queen on Park Avenue, Sabrina Perez, 14, giggled when asked how people feel about Clinton's policy. It's not something she and her Cuban-American friends worry about. Her father and uncles are angry, but so far it's just talk, she said.

"They talk about it a lot, but nobody's getting up and carrying signs," she said. "I think they all have it in them. They just need a leader. If someone went around and said there's going to be a big protest, they'd go."

Union City is a working-class, mostly Latin suburb on a ridge overlooking the Hudson River and Manhattan. It straddles Interstate 495. If Cubans here wanted to stage a protest similar to the attempted blockade of the Port of Miami, the entrance to the Lincoln Tunnel is just a short walk down the hill.

But such a move would surely backfire, said Jose Diaz, a construction worker who arrived from Cuba about 1½ years ago.

"You don't gain anything" by causing trouble for non-Cubans, Diaz said. "Look, my family has been here 20 years. They know the reality, how things are."

In the Union City Cafeteria on Saturday, waiters rushed around with plates of Cuban food while a lone member of the anti-Castro group Alpha 66 plotted strategy in a booth in the back. At the bar, Orestes Alvarez, a retired hotel bartender, and Omar Jorin, a factory manager, ordered beers and held forth about the Cubans in Miami, where Alvarez, 55, plans to move next month.

"It's stupid to demonstrate," said Alvarez, criticizing the traffic stoppage that slowed an ambulance to the hospital. "What I say, I'm not afraid to say: It's stupid. It's all politics."

"I remember 1980. Fidel sent beautiful people; he sent delin-

quents, too," Alvarez said. "It's not fair to bring 20,000 people you don't know from Cuba. They're going to put these people on the street — who's going to support them?"

'A different country'

Jorin, who arrived in this country during Mariel, agreed with his friend.

"This is a different country. You're supposed to respect the place where you are," said Jorin, 42. "Don't come over here to make trouble. All those demonstrations, they should have done it to Fidel."

Silverio Rodriguez heard that a reporter was at the bar and took a seat, pulling out a card that identified him as coordinator general of Alpha 66, Delegacion del Norte.

Rodriguez hopes for a big crowd May 21 at a rally along Bergenline Avenue, when Rep. Lincoln Diaz-Balart and [Alpha 66 leader] Diego Medina are expected to come up from Miami.

Alpha 66 can count Orlando Trespalcacios out, even though he's waiting to be reunited with a brother in the camps at Guantanamo Bay whom he hasn't seen in 35 years.

"I don't support these demonstrations," said Trespalcacio, who

runs his own restaurant supply business. "The deficit is already too high — this country can't provide for all the people who want to come here."

Bergenline Road is a long way from Calle Ocho, let alone Havana, and keeping younger generations interested in Cuba is difficult.

"You have to feel it here," Rodriguez explained, thumping his chest. "My own daughters, sometimes they say 'Papa, it's too much.' This generation, they say it's not right to protest."

But Rodriguez is sure young people will attend Sunday's rally. Two anyway.

"Young people will show up. Yes!" Rodriguez said. "I'll call my own daughters. They'll go. I'll order them to do it and then hang up the phone. They'll go."

The containment of Castro

M.H. 5-14-95 C203A
Robert Scheer, a contributing editor of The Los Angeles Times, wrote this article for The Times.

By ROBERT SCHEER

Thank God for Fidel Castro. And for Jesse Helms, who, if he had his way, would make smoking a Cuban cigar a capital offense. Helms' bill to tighten the embargo on trade with Cuba has been condemned by Canada and the European Union, but what do they know of Castro's unique place in the American political psyche? We would be lost without him.

Who would have thought it would come to this: The Caribbean mouse that roared is all that's left of our global crusade against communism. At a time when the Vietnam War is recognized as a "terrible mistake," and the Chinese communists represent the world's fastest-growing capitalist economy and the former Soviet Reds are on our welfare rolls, it's reassuring to have Castro to contain.

The danger is real. I don't need to remind you of the threat that refurbished casinos in Cuba would pose to Atlantic City, N.J. Only 90 miles from our shores are beaches, cigars, music and women so alluring that hundreds of thousands of Germans, Spaniards and Canadians are, even as we speak, risking their democratic souls and the opprobrium of the U.S. government to vacation there.

If Republicans think Hollywood is a threat to family values, they must shudder at the return of the Havana of old. In 1960, on the eve of the embargo, I caught one of the last flights out evacuating conventioners from Cuba to Key West, and let me tell you, getting them on the plane was a close call. One more round of rum and Cokes and they would have been lost to communism for the next 35 years.

The danger is real. I don't need to remind you of the threat that refurbished casinos in Cuba would pose to Atlantic City, N.J.

Then there's the democracy question. Castro is a dictator, and if he hadn't been isolated, we'd have other nondemocratic governments in the hemisphere. Just look at Guatemala, which inspired our Cuba policy. Back in 1950, nine years before Castro's revolution, Jacobo Arbenz was elected president of Guatemala. Some election — the wrong guy won. Arbenz had barely settled in when he started making moves on the United Fruit Co., talking about giving land to the peasants and other red stuff. Well, the CIA ousted him, and Guatemala was saved for the free world.

I know, the U.S.-trained Guatemalan military was recently blamed for killing a U.S. citizen who owned a hotel in the rain forest there, but that's a small price to pay for our national security. Nor does it matter that the accused killer, a colonel named Julio Alpirez, was a CIA operative. Who else can provide reliable inside information on the Guatemalan government?

True, Castro also killed, and he definitely had useful inside information, but that wasn't enough to qualify him as a U.S. ally. Castro had his chance; we tried working with him during his student revolutionary days, but when he got in power, he turned around and nationalized one of our nickel companies. We saw then that he had "commie" written all over him, and the final proof came when he turned to the Soviets for economic aid

after the U.S. government cut his access to trade with the West.

We tried to get rid of Castro with the Bay of Pigs invasion, but that failed when the people in Cuba didn't rise up as expected. Then we tried democracy through assassination. Just how hard we tried was documented in a CIA report, declassified two years ago, which detailed how the agency supplied the Mafia with money, explosives, affected saccharine pills and poisoned cigars. Strong believers in the free market, the Mafia shared the U.S. government's antipathy to Castro, who had nationalized their casinos, but the mob's hit men kept losing their nerve at the last minute.

Another U.S.-sponsored invasion was in the works when Castro got the Soviets to put some missiles in, and the world almost came to an end. But cooler heads prevailed and a deal was struck in which the United States agreed to stop trying to invade Cuba and instead continue a policy of economic strangulation and subversion. And the Soviets took their missiles home.

A somewhat muddled policy, you might say, but be fair: Bob McNamara was in charge. As he said in a 1987 interview reflecting back on the Cuban Missile Crisis: "What in the hell does the president of the Ford Motor Co., which I was, know about the issue? I'll tell you what this automobile executive knew: Zero! Nothing! I knew it too. I felt in my heart that my appointment as secretary of defense was wrong."

No argument here. But in this season of mea culpas, maybe we should shift tactics and follow the example of our China policy: Try invading Cuba with salesmen instead. Once inundated with credit cards, VCRs and Coca-Cola, communism doesn't stand a chance. And will the last sailor out of Guantanamo please turn out the lights.

24 Cubans found in stalled speedboat

Feds questioning 2 exiles on board

M.H. 5-15-95
By DAVID HANCOCK *WUSA*
Herald Staff Writer

Two Cuban Americans were in federal custody Sunday on suspicion of having piloted a boat from South Florida to Cuba to pick up 24 Cubans on the island, including a young woman who apparently died during the trip.

At about 8:30 a.m. Sunday, a Coast Guard helicopter sighted an emergency flare fired from a crowded, 30-foot Scarab speedboat stalled south of Key West.

"The powerboat was dead in the water and we diverted two cutters to the scene," said Coast Guard spokesman Dan Waldschmidt.

When the cutters arrived, Coast Guardsmen found a 22-year-old dead woman on board. In addition, the group included 11 men, eight women, one girl and three boys.

The 23 Cubans were transferred to one of the cutters, where they remained at sea Sunday night. They will likely be interviewed by a U.S. immigration officer about possible asylum claims.

"They'll remain at sea until there is a determination of what to do with them," Waldschmidt said.

If asylum is not granted, they will probably be repatriated to Cuba, just like 24 other rafters who were returned last week.

"That is U.S. policy at this time," Waldschmidt said.

The Coast Guard brought the two Cuban-American men and the dead woman to shore at Key West. The woman, whose identity was not known, was turned over to the Monroe County medical examiner's office, which will determine the cause of death.

U.S. Attorney Kendall Coffey of Miami identified the men as Abel Eugenio Fuentes-Miranda, 21, and Jorge Niner, no age available. They are both believed to be from Dade, Coffey said.

Both men were in the custody of federal immigration agents, who were questioning them

PLEASE SEE CUBANS, 6A

CUBANS, FROM 1A

about possible involvement in immigrant smuggling.

"The facts and the law will be examined and if proveable violations of federal law can be established, a prosecution will be pursued," Coffey said.

Coffey said the 30-foot powerboat was registered to Everardo Nodarse of Hialeah.

Contacted Sunday night by The Herald, Nodarse said he was unaware the boat had been intercepted by the Coast Guard. He said he kept the 30-foot Scarab at a friend's house in Kendall.

Nodarse then called the friend, Juan Carlos Rodriguez, who said he had loaned the boat to the two men for a date Saturday night. Rodriguez said the two men, Fuentes-Miranda and Niner, were rafters who came to South Florida two or three years ago.

Both Rodriguez and Nodarse said they were unaware of any plans by the two young men to make a trip to Cuba. Nodarse said the 1994 powerboat is valued at about \$50,000.

Archbishop's letter

Meanwhile, Miami Archbishop John C. Favalora wrote a letter, read at Masses Sunday throughout the archdiocese, commenting about last week's tumultuous events, which include traffic blockades and other protest by Cuban

Americans angered over the new U.S. policy of returning Cuban boat people to Cuba.

"Recent developments regarding the Cuban refugees have brought mixed emotions to our community. We rejoice over the news of the release of the refugees in Guantanamo and, with our Cuban brothers and sisters, we are pained by the United States government's decision to repatriate new-found rafters," the letter said.

"Equally painful is the tension these times bring to the entire community. These are times when emotions run high and hearts are heavy. I appeal to everyone in the archdiocese to bring these current turn of events to the Lord for healing and understanding. This is a time for everyone in the community to pray for prudence, patience and an ever spirit."

Exile groups protesting the new U.S. policy have called for a general work strike on Tuesday, urging Cuban Americans and anyone else to boycott work as a show of solidarity with the Cuban rafters.

Vigils throughout Dade

Sunday, however, was a peaceful day of protest, with several vigils held throughout the county. At night, dozens of Cuban Americans gathered at La Ermita de la Caridad, the shrine to

Cuba's patron saint in Coconut Grove, to pray for those on the island and for a change in the new policy of repatriating rafters.

"It's terrible what is happening. I never would have believed that the United States would do this," said Francisco Gonzalez, 67, who came from

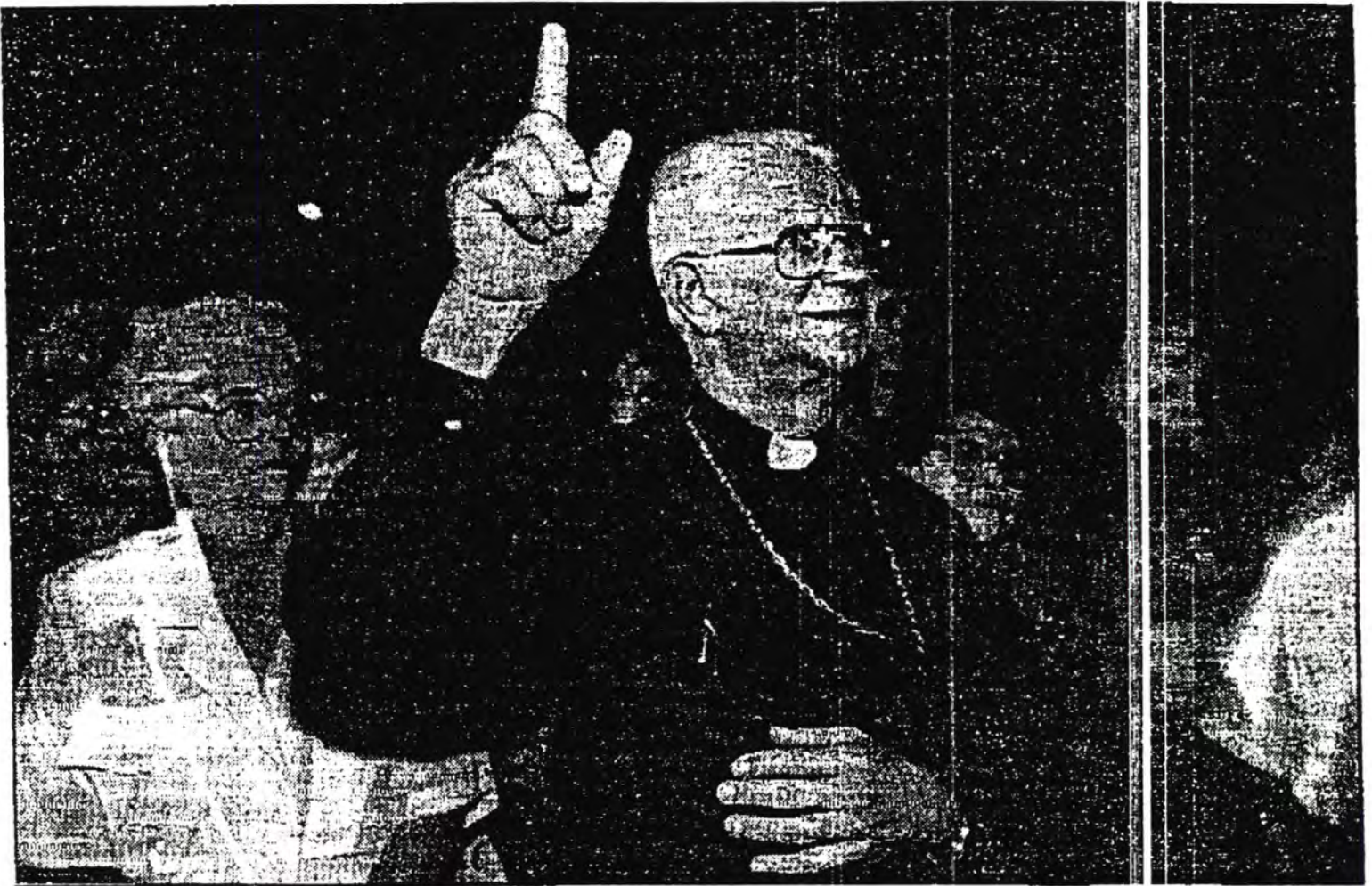
Cuba 28 years ago. "When someone leaves a communist country, they never look back. Get rid of Castro, not the poor people who are fleeing communism."

As a full moon glistened on the waters of Biscayne Bay, Auxiliary Bishop Agustin Roman led the group in praying for

compassion.

"We are praying to the Virgin Mary to move the hearts of President Clinton and the others," said Roman. "And we're praying for a change of heart in Fidel Castro."

Herald staff writer John Lantigua contributed to this report.



DAVE BERGMAN / Herald Staff

COCONUT GROVE VIGIL: 'We are praying to the Virgin Mary to move the hearts of President Clinton and the others,' said

Auxiliary Bishop Agustin Roman Sunday night. 'And we're praying for a change of heart in Fidel Castro.'

Coast Guard is focus of ambivalent rally

By ANA MENENDEZ
Herald Staff Writer

Under perfect blue skies, about 100 Cuban Americans stood outside Miami Beach's Coast Guard station Saturday in a demonstration that seemed torn between giving thanks and demanding change.

"We've heard many wonderful stories of the heroism of the Coast Guard in saving Cuban lives," said Isaura Pino, dressed in black. "But we're sad their roles changed and we want them to feel solidarity with us."

Many demonstrators held signs protesting the repatriation policy. Some wore new, creased T-shirts showing President Bill Clinton and Fidel Castro lounging together, smoking cigars.

"Clinton is a communist," Ernesto Corvo said, echoing the words on his T-shirt. "He's had too many talks with Castro."

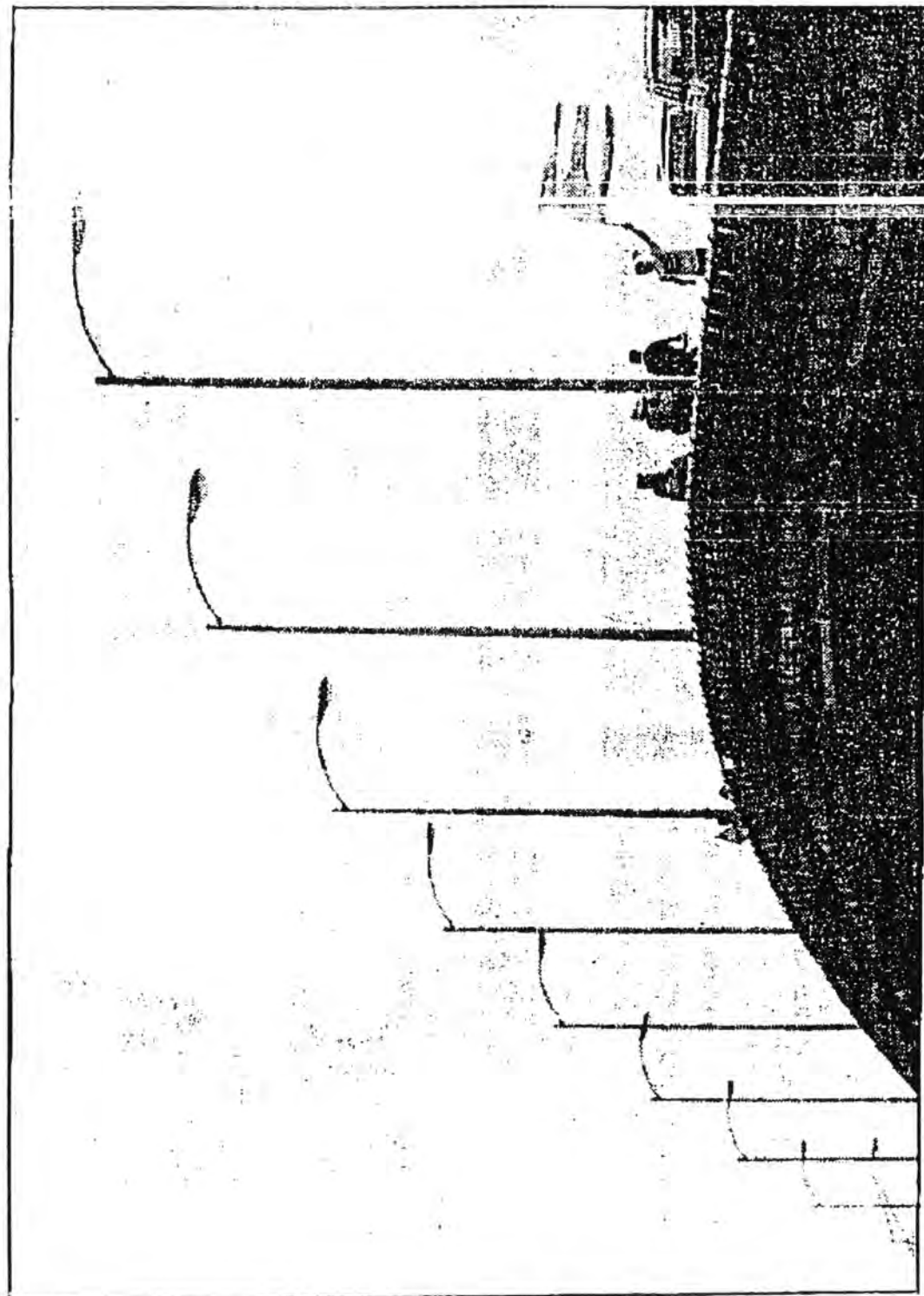
By the MacArthur Causeway, Richard Maura, 20, stood waving a huge Cuban flag. "I want Cuba to be free for my parents," he said. "They've done so much for me, I'm doing this for them."

Many drivers beeped car horns. A red BMW drove by with anti-Clinton slogans painted on the windshield. Other motorists shouted: "Go back to Cuba!"

At times, media and police seemed to outnumber the demonstrators, who came to life under the cameras.

"Thank you! Thank you!" demonstrators shouted at men wearing Coast Guard uniforms.

"We appreciate it," Coast Guard spokesman Dan Waldschmidt said.



SEEKING POLICY REVERSAL: Protesting Cuban Americans say they're sad that the Coast Guard's mission has changed. MUIR / ALBONA / Herald Staff

Don't take unity out of community

M.H. 5-13-95 CUBA

Amidst a discussion with a co-worker regarding the new U.S. policy toward Cuban rafters, I found myself getting mad. I mean really angry. I had to end the conversation and leave the room before a peaceful discussion became an argument.

As I walked away I examined my reaction. Why, exactly, was I angry? I am a white woman in my middle 30s with three small children who attend public school. I am married to a Cuban. My long-time boss, for whom I have the utmost respect, is a Cuban. I am an active advocate for the less fortunate, and I've taught my children to look past color or creed to the human underneath. Still, suddenly I find myself in the position of being the despised *them* in the game of *us* against *them* that many Cubans are determined to promote.

I grew up in a black neighborhood in Los Angeles where I was hated for the color of my skin. I married in California and moved to Hialeah. I did not find the Cuban community any more open to me than the black community had been. I was the enemy, a threat to the purity of their cultural heritage, I was told. Cubans should marry Cubans, etc. Regardless of my personal beliefs, regardless of who I was, I could never truly be a part simply because of my race.

I know about discrimination — hate, ignorance, and racial and cultural disharmony. But through it all I have clung to the values my parents fought hard to instill in me. We are one people. We all hurt, laugh, cry, and bleed the same way. Why do we fight so hard to deny this?

I would like to see the Cuban community make more of an effort to enlist the help of people outside of their own culture in this fight. I would like them to drop the assumption that we are all against them, and believe us innocent until proven guilty of ignorance and hardness of heart. I would like to read less about how poorly the Cuban community has been treated and more about how we can all come together to reach a common goal.

Americans, on the whole, deplore dictators. We will fight for human rights if given the chance. But when we are accosted on the street by angry mobs, blocked from reaching our children as schools close, lumped together as adversaries regardless of our true thoughts, we *become* adversaries to the very cause that we might have joined.

I would ask that all of us see beyond our pride and open our hearts to the neighbors we've lived with, many of us, for nearly all of our lives. Give people a chance. You might be surprised.

VIRGINIA ESTAPE
Pembroke Pines



We are not the enemy

I congratulate Janet Reno and Bill Clinton's administration for *finally* forming a sensible policy on Cuban rafters. Why do the Cubans continue to risk their and their children's lives by setting out in shark infested waters on rickety rafts?

The Clinton administration and the U.S. attorney general are not their enemies, Castro is.

JACK BOLING
Miami

Not their place to speak out

The Cubans are telling our government and our president how to run our immigration laws, but many of them are not even U.S. citizens. Something's wrong with this picture!!

MARIE MAXSON
Pompano Beach

Meaning of freedom

America was built by the strength of the immigrants. From the western railroads to the big city skyscrapers, we have come a long way.

May God bless the man who strives to be free, for it is he who knows the true meaning of freedom.

GENEVIEVE ROMAN
North Miami

How about a 'thank you'?

It would help if Cubans would say thank you to President Clinton and the American people for permitting Cubans to immigrate here. Presidents and Americans have given them life, liberty, and the pursuit of happiness.

A simple, sincere *thank you* would be nice.

NANCY WOERNER
Plantation

Prove persecution

If Cubans want to resolve the refugee problem, let them accept that U.S. laws must be upheld. To be allowed entry into the United States, persons fleeing Cuba must provide irrefutable proof that they would be persecuted if sent back.

I doubt that many in Guantanamo, and many already here, could pass that test. Most are economic refugees fleeing a bankrupt regime.

JOHN DELIA
Miami

The untouchables

I like living in Miami because it's so close to the United States. However, I would like to know why this country has had a 30-year open-door policy for Cubans.

It's not because of communism; otherwise we'd have Little Vietnam, Little China, and Little Russia blooming on Eighth Street. And if it is out of guilt for the Bay of Pigs, after 30 years we've long paid our dues.

A. TARIEL
Miami

'I am sick and tired'

I am sick and tired of the Cuban problem; we cannot live in peace. It's Castro who dictates U.S. foreign policy. Whenever he feels like it, he dumps thousands of refugees here.

I am sick and tired of this, and I applaud Jorge Mas Canosa for refusing to continue to pay for this. Let Mr. Clinton and Janet Reno take care of these refugees' expenses.

MARIA E. SANCHEZ
Miami

No blind faith for Cuba

M. H. 5-13-95 CUSA

The so-called Tarnoff-Alarcon immigration accord between Cuba and the United States is being put to the test before the ink on it dries. On Tuesday the U.S. Coast Guard returned the first 13 rafters to Cuba.

The agreement made public on May 2 commits the Cuban regime, a notorious human rights violator, to a civilized standard of conduct toward Cuban "returnees." According to Attorney General Janet Reno, Fidel Castro's government assured the United States that "no one will suffer reprisals, lose benefits, or be prejudiced in any manner, either because he or she sought to depart irregularly or because he or she has applied for refugee status at the U.S. Interests Section" in Havana.

Until May 2, the United States had reason to assume that rafters returned to Cuba would automatically suffer political persecution. Over the years, the Cuban regime has jailed thousands found guilty of "illegal departure," an offense that's still a crime in Cuba.

However, under the terms first of the September 1994 U.S.-Cuban immigration agreement and now of the May 2 accord, the Cuban government pledged to stop persecuting people caught trying to "depart via irregular means." That generally means rafters and boat people.

The immigration pact's critics and other skeptics justifiably have questioned the Cuban government's readiness to live up to its commitments. Havana has often agreed "in principle" to things that it had not the slightest intention of carrying out in practice. Indeed, some of the first "returnees" contend that Castro's repressive appara-

ON IMMIGRATION ACCORD

The United States must monitor the situation of repatriated rafters closely. Other wise, the immigration pact could be in trouble.

tus already is violating the spirit of the immigration agreements. Some of the 11 returnees told Herald reporter Armando Correa and U.S. Interests Section officials that they had suffered "harassment" at the hands of Cuban police. But U.S. diplomats visiting the returnees'

homes in the provincial capital of Camaguey assert that they saw no evidence of harassment.

Still, both supporters and detractors of the accord must ask themselves what fate awaits the returnees when U.S. Interests Section officers are not around to monitor Cuban authorities' behavior. Moreover, the number of returnees could swell. Hence the U.S. staff must be large enough to monitor the treatment of repatriated Cubans and to process their visa applications.

The May 2 agreement commits the United States to this — and to "examining" the asylum claims of rafters "before return." Returnees also have the right to apply for refugee status at the Interests Section in Havana. They can't jump to the front of the queue, however, and they'll have to meet the same tests as other applicants.

Either way, "harassment" by itself does not constitute grounds for granting refugee status to anyone. Yet U.S. diplomats should not be predisposed to reject asylum claims, as they were in Haiti, where Washington was reminded that smooth-talking representatives of dictatorships cannot be taken at their word. Washington's failure to monitor the situation of Cuban returnees would expose repatriated rafters to possible Cuban government reprisals and imperil the immigration agreement.

U.S., Cuban generals talk at Guantanamo; 11 rafters returned

M.H. 5-13-95 CUBA

- RESIGNATION MAY SLOW CUBAN REFORM, 18A
- HAITI NATIVE AIDS GUANTANAMO KIDS, 1G

By DON BOHNING
And CHRISTOPHER MARQUIS
Herald Staff Writers

A U.S. general and his Cuban counterpart met this week at the U.S. military base in Guantanamo Bay to discuss the possible repatriation by land of some of the 21,000 Cuban rafters held at the base. U.S. officials said Friday.

Confirmation of the meeting came as 11 rafters, including a pregnant woman, were returned to Cuba without incident aboard a U.S. Coast Guard cutter. It was the second such repatriation this week, an operation that U.S. officials described as quickly becoming routine.

U.S. officials said the meeting between a Cuban general and U.S. Air Force Brig. Gen. John Allen, head of the military joint task force in charge of the

PLEASE SEE CUBANS, 18A

day the same cutter intercepted two more rafters.

Friday's repatriation at the port of Cabañas west of Havana was a replay of the return Tuesday of 13 Cubans who had been rescued off the island's south coast by a Miami-based cruise ship and turned over to the Coast Guard.

First off the cutter Friday after it docked were the pregnant woman and her boyfriend, according to U.S. officials. Accompanied by a doctor, they were taken by ambulance to an immigration processing center on the outskirts of Havana.

Richard Nuccio, a senior State Department official involved in Cuban affairs, said only one of the 11 rafters made a claim for political asylum strong enough to merit special treatment — presumably during an onboard interview with U.S. immigration agents.

Nuccio said, however, that "further review determined that the person did not have a credible fear of return and was returned Friday" along with the other 10 refugees.

U.S. officials said the 11 returnees met with a U.S. immigration officer aboard the cutter

and "he determined... that there were no fears which would preclude them pursuing whatever avenues they might wish" to apply for regular U.S. visas in Havana.

The cutter docked at Cabañas at 11:42 a.m. Friday and departed 45 minutes later, according to Petty Officer Steve Aitkins, a Coast Guard spokesman in Miami. It was met by a handful of journalists and representatives from the U.S. Interests Section in Cuba.

As with the 13 returned on Tuesday, the 11 returned Friday were taken to Havana for processing. They were scheduled to leave for their homes — in several cities around central Cuba — later in the day.

"Everything went fine," said a Havana-based diplomat. "The returnees were cooperative. The discussions were brief."

Unlike the 13 repatriated Tuesday who were outfitted in clothes obtained from the ship, the 11 returned Friday were described as raggedly dressed and "weather worn." Some had been at sea since April 9, according to U.S. officials.

In Washington, Acting Sec

CUBANS, FROM 1A

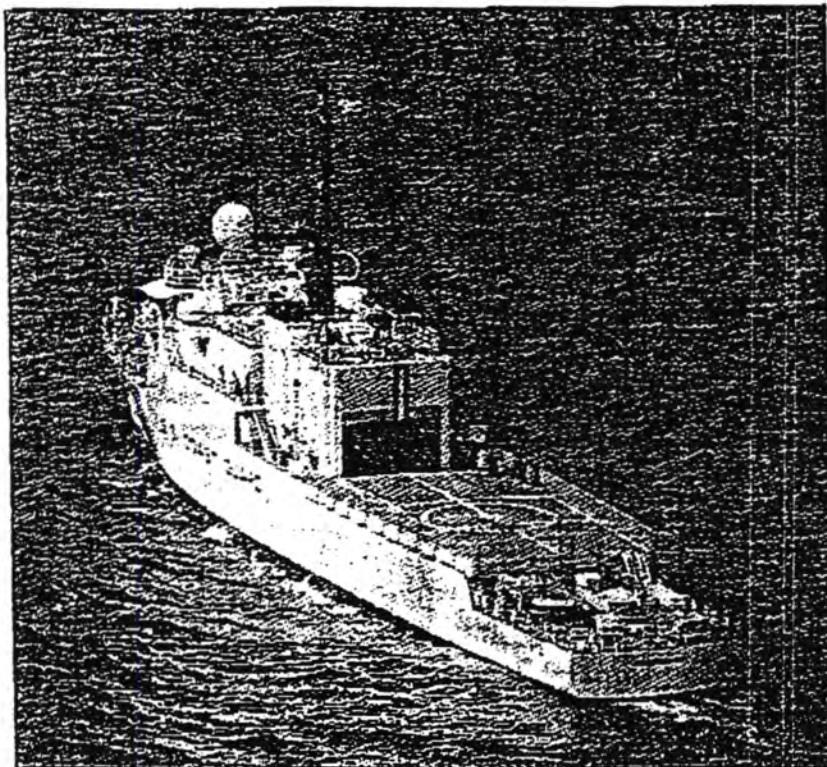
refugee program at Guantanamo, took place Tuesday in a tent just inside the U.S. naval base.

They discussed the repatriation by land of those Cubans at Guantanamo not expected to be given migrant visas to the United States under the new U.S. policy adopted last week by the Clinton administration, the officials confirmed.

While most of the 21,000 Cubans held at the base since last summer's rafter crisis are expected to receive U.S. visas, the new policy would repatriate some of those with criminal records, mental problems or a record of violence against their U.S. guards.

"The [Guantanamo] meeting went extremely well," said a U.S. official. "The Cubans were obviously well prepared, ready to make some decisions and very amenable for returns through the northeast gate."

Of the Cuban rafters returned Friday in the second such repatriation since the Clinton administration shifted policy on May 2, nine were rescued by the Coast Guard Wednesday from a sinking boat north of Cuba. The next



Associated Press

ENTERING CUBAN WATERS: The U.S. Coast Guard cutter Mohawk arrives north of Bahía de Cabañas Friday.

Department spokesman David Johnson said U.S. diplomats in Cuba will visit the latest return-

ees "as soon as possible, and an officer may be dispatched as early as today [Friday] to their

hometown for this express purpose."

Johnson added that two other officers from the U.S. Interests Section in Havana had met in Camaguey with 12 of the 43 Cubans returned Tuesday and expected to meet with the last one on Friday.

"They've enjoyed full access to them. The migrants have been able to freely meet as a group among themselves and have been able to meet both individually and as a group with U.S. officers," Johnson said.

He said a few of them "complained to the officers of minor harassment since their return to Camaguey," complaints which "the U.S. government takes seriously."

Johnson said Joe Sullivan, the top U.S. diplomat in Havana, met Thursday with Cuban diplomat Ricardo Alarcon in Havana to express U.S. concerns. Alarcon "reiterated his government's assurance that the returned migrants will not be harassed or otherwise prejudiced for having attempted to leave Cuba illegally," he said.

Herald staff writer Susan Benesch contributed to this report.

Employers predict business as usual

By MIMI WHITEFIELD
And SUSANA BARCIELA
Herald Business Writers

South Florida employers said Friday they don't expect a planned work stoppage next week to disrupt business, but many plan to meet Monday to reassess the situation.

Work stoppages and general strikes to press a political agenda are a time-honored tradition in Latin America, but the concept of workers staying off the job for political reasons seemed to catch many Miami employers by surprise.

"We have no policy, decision or comment at this time," said Marc Cohen, a spokesman for Jackson Memorial Hospital. His was a fairly typical response.

Municipal governments in Dade and Broward counties said they expect to carry on as usual

Tuesday.

Will 'work with' protesters

Most employers said they wouldn't retaliate against workers who may take the day off. But most companies expect their employees who don't work Tuesday to take a vacation day or lose the pay.

"Employees who strongly believe in the work stoppage are encouraged to take vacation time to participate," said Kim Miller, spokeswoman at Burger King. "We will work with those employees."

The sentiment was similar at Robles & Gonzalez, a 55-person law firm in downtown Miami.

"We anticipate all 55 will be working because the office is extremely busy and people are very dedicated," said Louis Robles. "But if any of the staff

M.H. 5-13-95 Cuz37

Though general strikes are common in Latin America, South Florida bosses seem surprised by the prospect.

did participate, we would honor that personal decision."

Dave Dawson, spokesman for Ryder System, said "If an employee wants to take a floating holiday on Tuesday or Thursday or any other day, they are free to do so."

At Hialeah's Telenoticias, a Spanish-language all-news network, Tuesday is expected to be a busy day.

"We going to be covering [the work stoppage], but here at Telenoticias we're going to be working. After all, this is a 24-

hour news station," said Gustavo Pupo-Mayo, the network president.

Some managers, however, fear a snowball effect. "There may be a lot of people joining in just to take the day off," said the manager of a branch bank in Miami. "Put it this way: I'll be here."

Concern for health care

There also is concern about the impact on hospitals and other critical community services if a significant number of workers decided to protest.

"I hope that people who work

in medicine will not stop working, regardless of their political view. These people [here] are sick. Workers can't just walk off the job," said a worker at Baptist Hospital.

Miami International Airport spokesman Mark Henderson said no special plans are in place.

"We have 30,000 employees at this airport," Henderson said. "I don't know who is going to leave and who is going to stay, but the airport is going to function."

So will the phone company, said Southern Bell spokesman Spero Canton. Employees recognize how critical phone lines can be in any emergency, said Canton. "They know they have a responsibility to our customers to not jeopardize that."

Canton said few Southern Bell employees participated in protests this week. There were no

phone interruptions earlier this week when protest organizers called for a five-minute work stoppage, he said.

Temporary help agencies said their phones were not ringing off the hook Friday.

"Personally, I don't know how many people take this seriously enough to risk their jobs," said Holly Lewis, president of Budget Quality Staffing.

But some companies clearly are nervous. When asked if they had plans for Tuesday, several companies declined to comment, saying they didn't want to be unwitting targets of the protest.

Greg Brown, Michelle Chandler, Don Finefrock, Rafael Lora, Ana Menendez, Ted Reed, Jack Rejman, Christina Samuels and Amy Vernon contributed to this report.

on Tuesday...

Miami protests find no echo in Cuba

M.H. 5-13-95 CUBA

Herald Staff

HAVANA — For loud reaction to the U.S. decision to repatriate Cuban rafters, one must turn on the radio and tune in Miami.

It is easy to catch Miami's Spanish-language radio here, with commentators railing against the U.S. migration negotiations with Cuba and reports on demonstrations in Miami. Since the accents are nearly all Cuban, it takes a moment to realize that they are describing another city.

In contrast to the clamor in Miami, Havana seems calm. Demonstrations — except those organized by the government — are rare in Cuba. Daily life commands more urgent attention than politics, as Cubans try to cope with high food prices and power blackouts.

The approach of summer raises the level of anxiety. In the last two years, summer has been accompanied by increasing blackouts and restlessness.

For the moment, Havana neighborhoods have blackouts for a few hours on two days a week — an improvement over recent months. Many are announced in advance, which makes them easier to tolerate. But Cubans expect the blackouts to grow longer, as they did last summer, with increasing electricity consumption. Blackouts also interrupt food supplies and distribution.

High price of oil

Food supplies are generally better than they were a year ago, Cubans say, but still uneven. Rice and beans have been abundant lately, but the cooking oil that people use to prepare them has been so scarce that its price on the black market went up last week to \$8 for a small bottle.

The Cuban government is most worried about August, the month when protests broke out last year, followed by the exodus of boat people.

Foreign Minister Roberto Robaina recently told a group of Cuban journalists that he plans to invite some Cuban Americans to Havana in August, and hopes that will dissuade Miami commentators from encouraging violence at the same time, said one journalist who was present.

Another Cuban writer said some people fear Aug. 13 because it is President Fidel Castro's birthday, and his more daring

opponents might choose that day to try to cause trouble.

But many Cubans, including dissidents, say they think unrest is unlikely.

The presence of fear

"Last summer, when people went out in the streets, people said Cubans had lost their fear. But the thing is that fear is very easy to get back," said a prominent Cuban writer.

Earlier this week in Cojimar, a beach town just east of Havana, a broad-bellied man resting with his bicycle said it was unfair for the United States to send Cuban rafters home. "We are having a very hard life," he said.

He began to list his family budget, complaining that many of the items in his government ration book are no longer delivered monthly, as they are listed in the book. He must buy many necessities on the open market for exorbitant prices. A bar of soap costs more than 10 percent of a laborer's monthly wage.

Another exodus?

The most likely form of disorder, Cubans say, would be another exodus, since most Cubans who are very discontented want to leave, not rebel. ~~And in the face of a massive exodus, the United States might be forced to change its policy again.~~

But even an exodus is not unlikely, Cubans say. Many of those who were willing to risk their lives on rafts did so last summer, when the Cuban government made no effort to stop them. That exodus relieved the pressure; now there are fewer potential rafters desperate to go, said several people who remained behind in coastal towns near Havana.

Many Cubans are hoping that the negotiations between the United States and Cuba will bear further fruit, perhaps including less restrictive travel for Cuban Americans who want to visit their families in Cuba. Some people in Havana say they would be less eager to leave if their exiled families could visit more easily.

Some also hold out hope that the Cuban government will take more steps to liberalize the economy, giving private individuals a chance to make a living and to work independently.

With possible changes and a long, hot summer looming, many Cubans said, the wisest policy is to wait and see.

Traffic jams are just most visible protest

M.H. 5-13-75 CUBA
The protests are widespread and varied. Not all who disagree with the Clinton administration's new Cuba policy are hurling their bodies in front of cars, banging on hoods, choking traffic.

"But you just watch," warned the young Cuban-American professor and documentary filmmaker. "Tomorrow, this entire day of protest will amount to a traffic story.

"Those people out there," he said, referring to the rush-hour protesters, "have good intentions. But they are being counter-productive."

The traffic jam. "That's all the people of South Florida are going to see and, Cuban and non-Cuban, they are going to be ticked off," he said one hot afternoon this week.

In what he believes to be a more powerful, peaceful way, 27-year-old Joe Cardona has been sitting outside The Herald building for nearly a week. He and film partner and fellow professor Alex Anton, and several others, are protagonists of one of the more curious displays of outrage toward the administration for repatriating rafters to Cuba. They are staging a "chain fast," called "Fasting for Justice," and hope to build a wide circle of young protesters who relieve one another after several days of fasting.

It is their response to the interdiction of Cubans at sea by U.S. Coast Guard boats. Anton and Cardona were riding along State Road 836, listening to National Public Radio, when they heard about the policy shift.

"This goes against everything this country has stood for. We decided we needed to take a stand," says Anton, 28.

Days later, it was Cardona who was on NPR, lambasting the policy from a plastic-covered mattress in The Herald parking lot.

The protesters, although a generation away from the old Cuban guard, shared an instant identification with the traditional methods of Cuban dissent. A hunger strike, they thought. But, in an effort to invite other supporters, Cuban and otherwise, they came up with the chain idea.

Last year, Anton and Cardona produced a popular documentary called *Breaking the Silence*, a film about the nonviolent opposition inside Cuba.

Today, in their protest, they are joined by Sebastian Arcos Cazabon, an exiled human rights activist and son of jailed dissident Sebastian Arcos. So it is a mix of protesters who state their cause underneath the white canvas tent in the parking lot. There are *cubanitos* from here and *cubanitos* from there. There is even a rafter who arrived just weeks ago.

What they have agreed on, though, is to educate, not antagonize.

"You're asking people to take a leap of faith to your cause. You have to do that by opening their hearts and minds, not getting into a shouting match," says Anton.

The protests are widespread and varied.

I've heard about former Democratic Party loyalists who are taking down their photos of handshakes with Bill Clinton.

I've heard about Cubans quitting their government posts in protest.

I've heard more than several Democrat friends say they want to ditch the party, register Independent.

This cause has even made lawbreakers out of lawmakers. The sight of U.S. Rep. Lincoln Diaz-Balart getting arrested was startling. Here he was, the embodiment of The American Dream, in handcuffs.

At the scene, a disgusted Frank Calzon, a human rights advocate for Freedom House, turned to a cop and said, "Officer, if you want to enforce the law, you have to go to the other side, because the president is breaking the law."

The disgust is widespread. And it is about more than just traffic.

Work stoppage planned

M.H. 5-12-45
By DAVID HANCOCK *Cuba*
And CHRISTOPHER MARQUIS
Herald Staff Writers

Round 2 is under way in the U.S. government's controversial repatriation of Cuban rafters. Nine rescued Cubans — eight men and a woman — spent Thursday night on a Coast Guard cutter that could take them back to Cuba as early as today.

Thursday afternoon, the Coast Guard picked up two more Cuban men on a raft. They were expected to be transferred to the same cutter as the other nine.

A Coast Guard jet spotted the first group of Cubans in a home-made, 15-foot sailboat struggling amid six-foot waves Wednesday evening in the Florida Straits.

"The waves were washing over the side of the sailboat and it was taking on water," Coast Guard spokesman Dan Waldschmidt said. "The plane radioed one of the cutters that was on patrol in the straits. It got over there in less than an hour and got the people off the sailboat before it sank."

The rescues may have been salvation of a sort, but not all that the Cubans might have hoped for in these changing political tides. Government sources say some or all of the 11 Cubans could be returned to the island as early as this afternoon, after an immigration officer on the Coast Guard cutter interviews them about possible political asylum claims.

Cuban exile groups in Dade County, meanwhile, took a breather Thursday after a week filled with rallies, marches, traffic blockades and other protests against the new Cuban repatriation policy. Thursday was spent planning new ways to make their position known, most notably a "work stoppage" day planned for Tuesday in which Cuban Americans will be asked to stop all their activities.

The 11 Cubans are the second

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

5.16.95

95 MAY 15 11:12

May 15, 1995

MEMORANDUM TO THE PRESIDENT

FROM: BILLY WEBSTER *BW*
SUBJECT: STATUS OF CURRENT PROPOSALS

As you requested, I have attached a list of schedule proposals that have been regretted. I will be happy to answer any questions that you have.

*See the Ps
I want to review*

Status of Current Proposals

5/15/95 8:31:10 AM

Event	Date(s)	Location	Sponsor	
Domestic				
<u>Accepted</u>				
Photo with Muscular Dystrophy Poster Child	12/5/94 - 12/31/95	The White House	Herman	
Video for 10th AR Governor's Youth Conf. on Alcohol & Drugs	2/15/95 - 7/26/95	White House	Rasco	1
Presidential Message to the Armed Forces for Independence	4/10/95 - 6/14/95	White House	Sullivan	
National Multiple Sclerosis Society Mother and Father of	5/9/95 - 6/20/95	White House	Herman	
School to Work Opportunities Act Event	5/16/95 -		Emanuel	
Briefing Time on Health Care	5/18/95 - 5/25/95	White House	Rasco	
Photo Op with MADD	5/19/95 -	White House	Rasco	
Law Enforcement Steering Committee Meeting	5/19/95 -	White House	Emanuel	
Photo op for Hasbro, Clay Tile Handprints	5/19/95 -	White House	Magaziner, I	
American Cancer Society Courage Award	5/19/95 -	White House	Herman	1
Picnic for 75th Anniversary of the Women's Bureau	5/19/95 -	White House	Silverman	4
Briefing for Members of the Catholic Press	5/23/95 -	White House	Gearan	
Wreath Laying at Arlington Cemetery	5/29/95 -	Arlington Cemetery/ South La	Higgins	
Scholars Dinner on American Family	6/1/95 - 6/30/95	White House	Emanuel	

Event	Date(s)	Location	Sponsor	
Meeting with Governor Richard Lamm	6/2/95 - 6/4/95	White House	Rasco	
National Summit on Young Children	6/6/95 -	Baltimore	Hale	
Interview With Talk Show Host Bill Gallagher in Portland	6/19/95 - 6/23/95	White House	McCurry	
Opening Ceremony of the 1995 Special Olympic World Games	7/1/95 -	New Haven, CT	McLarty	
Participation in Opening Ceremonies of the 1995 Special	7/1/95 -	New Haven, CT	McLarty	
Committee on Employment of People with Disabilities	10/1/95 - 10/31/95	The White House	Rasco	2
<u>New</u>				
Private Meeting With Representative Glen Browder	5/12/95 - 6/15/95	White House	Griffin	
Video for ACORN'S 25th Anniversary	5/17/95 -	White House	Rasco	
Video Message for an Oklahoma City News Special	5/17/95 -	The White House	McCurry	
Rose Garden Ceremony for National Missing Children's Day	5/25/95 -	White House	Higgins	
Keynote Address to the National Summit on Young	6/6/95 -	Baltimore, MD	Rasco	
ReGo Event at the White House Conference on Small Business	6/11/95 - 6/13/95	Washington, DC	Kamarck	
<u>Option</u>				
Visit Tactical Air Combat Command Center	11/16/94 - 12/31/95	Langley, VA	Kamarck	
Garden Project Center in San Francisco	11/19/94 - 12/30/95	San Francisco	Rasco	5
<u>Pending</u>				
National Family Partnership White House Event	3/27/95 - 6/30/95	South Lawn	Emanuel	

Event	Date(s)	Location	Sponsor	
National Homeowner Strategy	4/1/95 - 5/31/95	Rose Garden	Higgins	1
Photo op with March of Dimes	4/5/95 - 5/31/95	Washington, DC	Herman	2
Photo op with 1995 Multiple Sclerosis Mother and Father	4/13/95 - 5/31/95	The White House	Herman	2
Interview With David Broder and Haynes Johnson	4/17/95 - 5/31/95	White House	McCurry	
Announcement of Domestic Drug Strategy	5/1/95 - 6/30/95	White House	Emanuel	
Drug Free Schools Recognition Program	5/15/95 - 6/15/95	White House	Emanuel	
Joint Democratic Leadership Meeting	5/15/95 - 5/19/95		Griffin	
Interview with Vogue Magazine	5/15/95 - 6/30/95	The White House	McCurry	
Commemorate the Second Annual National Parks Week	5/22/95 - 5/28/95	White House	Higgins	
Participate in the Opening of the 100th GSA Childcare Center	6/1/95 - 12/1/95	Riverdale, Maryland	Higgins	
COPE Dinner	6/1/95 - 6/30/95	TBD	Sosnik	
White House Empowerment Conference	6/16/95 -		Quinn	
Drop By Laborers Reception	6/19/95 - 6/21/95		Sosnik	
Phone Call to Rick Dess Show on KIIS FM in LA	6/19/95 - 6/23/95	White House	McCurry	
Interview With Morning Show in Denver	6/19/95 - 6/23/95	White House	McCurry	
Presidential Scholars	6/21/95 -		Higgins	
Attend Steelworkers Legislative Conference	7/17/95 - 7/19/95	Omni Shoreham	Sosnik	

Event	Date(s)	Location	Sponsor
QUEST	7/27/95 - 7/30/95	Sheraton Washington	Sosnik / Icke
Fourth Plenary meeting of PCAST	10/23/95 - 10/23/95	White House	Gibbons 3
Keynote Speech for the AAMC	10/29/95 -	Washington, DC	Bowles
Regret			
ReGo Phase II Press Event, DOD	3/24/95 - 5/31/95	Military Facility	Kamarck
'People's Press Conference' Event	3/29/95 - 12/31/95	Washington, DC	Higgins
School to Work Leadership Award	4/5/95 - 5/31/95	White House or TBD	Emanuel
John Whittaker	4/18/95 - 5/31/95	White House	Lake
Visit Maryland Worksite	5/1/95 - 5/31/95	Maryland Worksite	Emanuel
White House Ceremony for DARE graduates and officers	5/1/95 - 5/31/95	The South Lawn	Emanuel
Receive The Final Report of the Human Radiation Experts	5/1/95 - 6/15/95	White House	Higgins
Professional Licenses	5/1/95 - 5/31/95	White House	Emanuel
Meeting with Columnists from Key Regional Newspapers	5/1/95 - 5/31/95	White House	Emanuel
Travel to Delaware to Announce Welfare Wavier	5/1/95 - 5/31/95	Delaware	Emanuel
School to Work "Homecoming" Event	5/1/95 - 5/31/95	Washington, DC	Higgins
White House Ceremony for US Special Olympics Athletes	5/3/95 - 6/2/95	The White House	McLarty
POTUS participation in Ad Council's Quadrennial	5/15/95 - 5/22/95	White House	Emanuel

**** Primary ****
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of history

Event	Date(s)	Location	Sponsor	
Alaska Signing Ceremony	5/15/95 - 5/27/95	White House	McGinty	
Human Radiation Final Report	5/15/95 - 6/15/95	The White House	Higgins	
TV Special for Working Women	5/19/95 -	White House	Silverman	3
Major DARE Event in Los Angeles, CA	5/19/95 -	Beverly Hills Hilton	Emanuel	
Reception for American Association of Retired Persons	5/22/95 -	The White House	Herman	3
Photo-op With Representative Wise's Constituent	5/23/95 - 5/28/95	White House	Griffin	
Declare May 25th Missing Children's Day	5/25/95 -	White House	Emanuel	
Interview With Colorado Springs Gazette Telegraph	5/30/95 -	White House	McCurry	
Satellite Interviews from Air Force Academy to Targeted	5/31/95 -	Air Force Academy	McCurry	1
Present Petition by Food Legends Unite to End Elder	6/6/95 -	Rose Garden	Stephanopou	
Philly Police Officer Swearing In	6/7/95 -	Philadelphia	Emanuel	
400 bed VA Medical Center Dedication Ceremony	6/9/95 -	West Palm Beach	Silverman	
Association of University Professors	6/9/95 - 6/11/95	Hyatt Capital Hill	Herman	
Centennial Commencement Exercises for Ft. Valley State	6/10/95 -	Fort Valley, GA	Hale	
United Automobile Workers Convention	6/13/95 -		Ickes	
Third Plenary mtg. of PCAST	6/29/95 - 6/30/95	White House	Gibbons	2
National Archives Fourth Of July Speech	7/4/95 -	National Archives, The Mall	Thompson,	

Event	Date(s)	Location	Sponsor	
Address the James Bryant Conant Symposium at the ECS	7/11/95 - 7/12/95	Denver, Colorado	Herman	
Kentucky School to Work	7/19/95 -		Hale	
Kansas City Police Chiefs	8/30/95 - 9/1/95	Kansas City	Emanuel	
Attend Swearing in of Police Officers in Ft. Wayne, Indiana	9/1/95 - 9/30/95	Ft. Wayne, Indiana	Hale	
Address 14th Annual Eastern Secondary Mortgage Market	9/25/95 - 9/26/95	Raleigh, NC	Sosnik	
<u>Regret w/Surrogate</u>				
Attend American Cities Against Drugs Conference	5/14/95 - 5/16/95	Atlanta, GA	Emanuel	
DEA Wall Dedication	5/17/95 -	DEA HQTRS	Higgins	
National Parks Week Award Ceremony	5/22/95 - 5/23/95		Caplan	
National Convention of the Disabled Veterans	7/23/95 -	Las Vegas, NV	Silverman	6
Address the National Urban League's National Convention	7/24/95 - 7/26/95	Miami, Florida	Herman	
Keynote Speaker to Neighborhoods, USA Nat'l	5/6/96 -	Little Rock	Hale	1

Event	Date(s)	Location	Sponsor
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Economic

Accepted

ReGo Phase 2 press brief	4/13/95 - 5/31/95	Health Care Facility	Kamarck	
Signing Ceremony for Paperwork Reduction Act of	5/1/95 - 5/19/95	The Oval Office	Rivlin	
WH Conference on Small Business	6/12/95 -	The White House	Silverman	5
Independent Bankers Association of America Photo op	6/12/95 -	White House	Bowles	
White House Conference on Travel and Tourism	10/30/95 - 10/31/95	Sheraton Washington	Silverman	5

New

Meeting on Customer Service	5/11/95 - 6/30/95	White House	Kamarck	
Video for Luncheon on Railroad Safety Awards	5/15/95 - 5/24/95	The White House	Higgins	
Interview with the San Francisco Chronicle DC Bureau	6/23/95 -	The White House	McCurry	
One on One phone Interview with the Portland Oregonian	6/26/95 -	To Be Determined	McCurry	
One on One Interview aboard AF I with Seattle Post Intellige	6/26/95 -	Air Force One	McCurry	

Option

Visit Import/Export Assistance Center in Los Angeles	11/16/94 - 12/31/95	Export Assistance Center	Kamarck	
Visit to Department of Energy	11/16/94 - 12/31/95	Dept. of Energy	Kamarck	

Pending

Interview With Talk Show Host Ron Owens in SF	6/19/95 - 6/23/95	White House	McCurry	
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Event	Date(s)	Location	Sponsor	
Business Roundtable	6/19/95 -	JW Marriott	Herman	
<u>Regret</u>				
Speech at The Women's Economic Club's 1995 Program	1/5/95 - 6/30/95	Detroit, Michigan	Herman	5
[ReGO Press Event on Job Creation	2/13/95 - 12/31/95	Baltimore, Chicago, Long Beach	Kamarck	
Series of Saturday Radio Address Broadcasts on ReGo	2/13/95 - 12/31/95	White House	Kamarck	
Benchmarking Report on Telephone Service Delivery	5/1/95 - 5/31/95	White House	Kamarck	
Address Pacific Basin Economic Council's Annual Meeting	5/20/95 -	Washington, DC	Tyson	
The Annual Biotechnology Industry Organization Meeting	5/20/95 - 5/25/95	San Francisco	Gibbons	
[Presidential "E" Award Ceremony	5/21/95 - 5/27/95		Silverman	
Drop By APEC Ministerial Dinner at Blair	6/12/95 -		Higgins	
Womens Satellite Teleconference	7/1/95 - 7/31/95	TBD	Herman	
Reception to Honor Nt'l Inventors Hall of Fame	7/24/95 -	White House	Higgins	
[Big Emerging Markets Conference	7/24/95 -	Levy Center, Georgetown U.	Higgins	
Forbes Magazine Conference	11/29/95 - 12/1/95	Capital Hilton	McLarty	
<u>Regret w/Surrogate</u>				
Address the Council of the Americas National Conference	5/22/95 - 5/23/95	State Department's international	McLarty	

Surrogate

Event	Date(s)	Location	Sponsor
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Foreign Policy

Accepted

Foreign Policy Meeting with Congressional Leadership	1/10/95 - 6/30/95	Blair House	Lake	
Dedication of CVN-75 USS Harry S. Truman and CVN-76	2/1/95 - 12/31/95	Pentagon\White House	Lake	4
Briefing on Sensitive Classified Military Program Inform	4/17/95 - 5/31/95	The White House	Lake	
Videotape Message for Armed Forces on Independence Day	4/27/95 - 7/4/95	White House	Sullivan	
Working Lunch with the Israeli President Ezer Weizman	5/9/95 - 12/31/95	White House	Lake	
Credentials Ceremony for Newly Appointed Ambassadors	5/13/95 - 5/23/95		Lake	
Greet Cabinet-Level Binational Commission	5/16/95 -	White House	Lake	
Cocktail Reception during Conference on Investment in	5/25/95 -	White House	Griffin	1
Veterans Media Roundtable	5/26/95 -	The White House	Herman	
Briefing by Chairman of JCS	5/31/95 -	White House	Lake	
Commencement Address at the US Air Force Academy	5/31/95 -	US Air Force Academy	Lake	
Guest on Larry King Live on his 10th Anniversary	6/5/95 -	Washington, DC	Gearan	1
Johnson Whittaker Commission and Bible Presentation	6/9/95 -	The Oval Office	Lake	
G-7 Halifax Summit for global economic and politicl issues	6/15/95 - 6/18/95	Halifax, Canada	Lake	
Groundbreaking for Women in the Military Memorial	6/22/95 -	Arlington Cemetary	Herman	

Event	Date(s)	Location	Sponsor
Meeting with Jamaican Prime Minister, PJ Patterson	7/1/95 - 7/31/95	White House	Lake
Meeting with President Nicephore Soglo of Benin	7/1/95 - 7/31/95	White House	Lake
Meeting with the Head of UK Labour Party	7/1/95 - 7/31/95	White House	Lake
Dedication Events for the Korean War Veterans Memorial	7/27/95 -	Washington, DC	Lake
End of The War in The Pacific (VJ Day Commemoration)	9/2/95 - 9/3/95	Hawaii	Lake
Visit by the King and Queen of Norway	10/1/95 -10/31/95	White House	Lake
Meeting With The Pope	10/4/95 -	Newark Airport	Lake
50th Anniversary of United Nations	10/25/95 -	UN	Lake
50th Anniversary of Harry S. Truman's Presidency	10/25/95 -	Washington, DC	Lake
National Day of Commemoration	11/11/95 -	The White House	Lake
<u>New</u>			
Lake Meeting on 150 Foreign Affairs Budget Account	5/15/95 - 5/26/95	The White House	Lake
Presidential Event Following NPT Extension Decision	5/15/95 - 5/25/95	White House	Lake
<u>Option</u>			
African Development Bank	11/18/94 -12/30/95	The White House	Ernest Green
Ft, Irwin, California	11/19/94 -12/30/95	Ft. Irwin, CA	Lake
Twenty-Nine Palms CA	11/19/94 -12/30/95	California	Lake
Visit to Nellis AFB	11/19/94 -12/30/95	Nevada	Lake

Event	Date(s)	Location	Sponsor	
Visit to Ft. Benning, Georgia	11/20/94 - 12/30/95	Georgia	Lake	
<u>Pending</u>				
Meeting With Arab and Muslim American Community	5/15/95 - 6/15/95	White House	Lake	
Walker Memorial Dinner	10/19/95 -	Washington Hilton	Lake	
50th anniversary of Fulbright Academic Exchange Program	5/1/96 - 6/30/96	White House	Higgins	5
<u>Regret</u>				
DCI, Intelligence Briefing for 15 mins every month	11/19/94 - 12/30/95	The White House	Lake	
Travel to Ireland and UK	5/3/95 - 7/31/95	Various Locations in Ireland/U	Lake	
Drop By Overseas Development Council WH Event	5/17/95 -	White House	Lake	
Drop-by Prime Minister Brundtland's Meeting with the	5/17/95 -	Vice President's Office	Lake	
USAF Demonstration Team Photo Op	5/18/95 -	White House	Sullivan	
United Nations Association of the USA	6/26/95 - 6/27/95	San Francisco, CA	Ickes	2
Change of Command Ceremony of the US Marine Corp	6/30/95 -	8th and I Streets SE	Sullivan	
Receipt of United Jewish Appeal Isaiah Award for Distinguish	10/22/95 - 10/25/95	TBD - Washington, DC	Lake	
Visit by Queen Beatrix of the Netherlands	11/8/95 - 11/9/95	White House	Lake	
<u>Regret w/Surrogate</u>				
50th Anniversary of V.J. Day at Battleship North Carolina	9/2/95 -	North Carolina	Hale	

Event	Date(s)	Location	Sponsor	
Other				
<u>Accepted</u>				
Salvation Army Leadership	12/6/94 - 12/30/95	The White House	Herman	
Photo op for First Sergeant Denis McNamara	12/21/94 - 12/30/95	The White House	Torkelson	
In Person Interview with Dan Rather	1/19/95 - 5/31/95	White House	McCurry	5
Meeting with Meg Greenfield	2/9/95 - 5/31/95	White House	McCurry	4
Meet and Photo Op with Commander Steve Johnson and	2/14/95 - 6/2/95	White House	Sullivan	
Meet with LCDR Bob Walters, USCG and family	2/15/95 - 5/19/95	White House	Sullivan	
Yale Potrait Sitting	2/17/95 - 12/31/95	The White House	Hernreich	
Meeting with Colonel Mel DeMars, US Marine Corps	2/20/95 - 6/8/95	White House	Sullivan	
Photo op with Leaders of Reserve Officers Association	3/23/95 - 6/1/95	White House	Herman	
Ceremony to Honor the Boston University NCAA Champions	4/5/95 - 5/31/95	White House	Griffin	2
Sperling Breakfast or Lunch	4/10/95 - 5/31/95	White House	McCurry	1
Arkansas Day	5/22/95 - 5/30/95	Washington, DC	Hernreich	
Commander in Chief Trophy to US Air Force Academy Football	5/31/95 -	Colorado Springs, CO	Sullivan, Al	
Meeting with UCLA Basketball and Women's UCONN	6/2/95 -	White House	Herman	
Meeting with The San Francisco 49ers	6/7/95 -	White House	Herman	1

Event	Date(s)	Location	Sponsor	
Faces of Hope Reunion	6/9/95 -	The White House	Gearan	
Bachrach Photo	7/13/95 -	The White House	Gergen	
Photo op With Girls Nation	7/20/95 - 7/21/95	White House	Herman	
<u>New</u>				
Dinner to thank \$25,000 The White House Endowment Fund	5/15/95 - 12/31/95	The White House	Folger, Nanc	
<u>Option</u>				
Starlight Foundation Martin Harriman	12/30/95 -	White House or Mt. Pleasant, N	McCarthy	
✓ Virginia Kelly's Authors and Editor	12/30/95 -	The White House	Hernreich	
National Geographic Maps	12/30/95 -	The White House	Rex Scouten	
One Residence Staff Departure	12/30/95 -	The White House	Gary Walters	
Williams Perkins Photo op	12/30/95 -	The White House	Rex Scouten	
<u>Pending</u>				
Interview with Scripps Howard News Service Editors and Repor	3/1/95 - 5/31/95	White House	McCurry	2
Interview with NPR, National Public Radio	3/1/95 - 5/31/95	White House	McCurry	1
Host BBQ & Open House For Families of Past Presidents	3/21/95 - 5/31/95	Washington, DC	Gearan	
Videotaping for Salt Lake City Bid to host the 2002 Winter O	4/12/95 - 5/31/95	The White House	McLarty	
Photo Op with Colonol Raines	5/4/95 - 6/2/95		Sullivan	
White House Staff Picnic	7/15/95 - 8/15/95	White House	Sosnik	

Event	Date(s)	Location	Sponsor
Speech to the ABA Annual Meeting for 1995	8/4/95 - 8/8/95	Chicago, Illinois	Mikva
Host an Internet Town Hall	1/1/96 - 10/31/96	tbd	Podesta
<u>Regret</u>			
RUN LA	3/4/94 - 12/31/95	Los Angeles, CA	Baggett
Interview with Columnist Cal Thomas	2/8/95 - 12/31/95	White House	McLarty
Sports Illustrated	3/16/95 - 5/31/95	South Hampton	Gearan
Visit the Estate of Reverend Dr. and Mrs. John Cherry	5/14/95 - 5/20/95	The Cherry Estate	Herman
White House News Photographer's Association	5/20/95 -	Washington Hilton	McCurry
Graduation Address at the US Coast Guard Academy	5/24/95 -	New London, CT	Sullivan, Al
Change of Command Ceremony	6/9/95 -		Mikva
Attend U.S. Army Special Forces Assoc. Formation	6/21/95 - 6/21/95	Las Vegas	Torkelson
Board of Trustees of the National 4-H Council	6/22/95 -	White House	Herman
Attend the Grand Opening Ceremonies of the Lincoln	9/1/95 - 9/30/95	Ft. Wayne, Indiana	Hale
American Association of Port Authorities	10/16/95 - 10/20/95	New Orleans	McLarty
Maya Angelou Photo	12/30/95 -	The White House	Hale
<u>Regret w/Surrogate</u>			
Commencement Address at Santa Clara University School	5/20/95 -	Santa Clara, CA	Panetta
Commencement Speech at University of Minnesota	6/11/95 -	Minneapolis, MN	Torkelson, J

Event	Date(s)	Location	Sponsor	
Political				
<u>Accepted</u>				
House Prayer Breakfast	11/17/94 - 12/30/95	The Capitol Hill	Griffin	1
Senate Prayer Breakfast	11/17/94 - 12/30/95	Capitol Hill	Griffin	1
Princeton Men and Women's Lacrosse	2/1/95 - 12/30/95	The White House	Griffin	3
Request for One Hour of Office Time a Week on NH and Iowa	3/1/95 - 5/31/95	White House	Gearan	
Presentation by Laura Quinn	3/7/95 - 6/30/95	White House	Ickes	2
Meeting on How To Deal with Base Voters	3/20/95 - 5/31/95	White House	Ickes	1
Democratic Governors (CO, VT, IN, former TN, MO)	4/6/95 - 5/30/95	White House	Hale	
Review DNC Budget and Schedule for the Re-Elect	4/17/95 - 5/31/95	The White House	Ickes	
Private Lunch with Senator Daschle	4/19/95 - 5/31/95	The White House	Griffin	
Private Dinner and Movie for Democratic Governors &	4/28/95 - 6/6/95	White House	Ickes	
Meeting with the Congressional Bipartisan Leadership	5/8/95 - 5/19/95	The White House	Griffin	1
Coffee # 4 With 12 Individual Leaders	5/16/95 -	White House	Ickes	
DNC Labor Council Reception	5/16/95 -	DC Hotel TBD	Sosnik	
Political Meeting	5/16/95 - 5/19/95		Ickes	
Congressional Asian Pacific American Caucus Institute	5/18/95 -	Hyatt Regency Hotel	Herman	

Event	Date(s)	Location	Sponsor	
Coffee # 5 With 12 Leaders from Individual States	5/22/95 -	White House	Ickes	
Attendance at Democratic Congressional Dinner	5/23/95 -	Washington, DC	Sosnik	
Meeting with The Executive Council of the AFL-CIO	5/24/95 -	White House	Ickes	1
Coffee 6 With Leaders in Individual States	5/26/95 -	Washington, DC	Ickes	
Phone Interview with Lebanon Valley News	6/9/95 -	White House	McCurry	
Fundraiser Event for Senator John Kerry	6/11/95 -	Boston, MA	Ickes	
Dartmouth Commencement	6/11/95 -	Dartmouth	Ickes	
Annual Congressional Picnic	6/20/95 -	White House	Griffin	
Picnic for the Press	7/1/95 - 7/31/95	White House	McCurry	
NGA Summer Meeting	7/30/95 - 7/31/95	Burlington, VT	Hale	
<u>New</u>				
Photo Op w/ Presidents of Coalition of Bar Assoc. of Color	6/2/95 - 6/3/95	White House	Mikva	
3 Seven Minute Interviews from the New Hampshire Area	6/5/95 - 6/9/95	TBD	McCurry	
Teleconference to 63rd Annual Conference of Mayors in Miami	6/19/95 - 6/20/95	White House	Griffin	
Drop-by the Annual House Gym Dinner	8/2/95 -	Longworth Building	Griffin	
<u>Pending</u>				
Meeting with the Senate Democrats up in 1996	1/10/95 - 5/31/95	White House	Griffin	1
Photo op for UVA Soccer Team, The Cavaliers	2/1/95 - 12/31/95	White House	Griffin	2

Event	Date(s)	Location	Sponsor	
Meeting with the House members from the West	3/1/95 - 5/31/95	White House	Griffin	1
Meeting with House members from the Midwest	3/3/95 - 5/31/95	White House	Griffin	1
Meeting with House Members from The South East	3/3/95 - 5/31/95	White House	Griffin	1
Roundtable Radio Interviews w/ NH, VT and ME Radio	3/12/95 - 5/31/95	White House	McCurry	
Participate in Business Leadership Forum Reception	3/15/95 - 5/31/95	Washington, DC	Sosnik	
Media Roundtable w/ Local State Media	3/21/95 - 5/17/95	White House	McCurry	1
1996 Polling Meeting	3/28/95 - 5/31/95	White House	Ickes	1
✓ Washington Post Ed Board	4/10/95 - 5/31/95	White House	McCurry	
Lunch with Senator Packwood and Senator Moynihan	4/22/95 - 5/31/95	White House	Emanuel	
✓ Sports Illustrated (Modified)	4/28/95 - 5/30/95		Gearan	
Meet with Democratic Members of the House and Senate	5/15/95 - 5/19/95	White House	Griffin	1
Meeting with 10-20 Democratic Mayors before Re-elect Announc	5/20/95 - 6/30/95	The White House	Hale	
Videotape Message for Seattle Mayor Norm Rice	5/25/95 -		Hale	
Host 3-4 Receptions for Democratic Legis. and Cnty.	6/1/95 - 6/30/95	White House	Hale	1
DSCC Dinner in Honor of Harkin and Rockefeller	6/6/95 - 6/28/95	Washington, DC	Sosnik	
Meeting with a Cross-Section of State and Local Officials	6/15/95 - 7/30/95	The White House	Hale	
National Association of Latino Elected Officials	6/24/95 -	Convention Center	Herman	2

Event	Date(s)	Location	Sponsor	
Florida Day	7/1/95 - 7/31/95		Sosnik	
Convention of the Transportation Trades	9/27/95 - 9/28/95	Washington Court Hotel	Ickes	
Address Convention of Transportation Trades Dept.	9/27/95 - 9/28/95	Washington, DC	Sosnik	
Immigrant Wall of Honor	10/1/95 - 10/31/95	Ellis Island	McLarty	
Keynote Address at the opening of the Dodd Research Center	10/15/95 -	Connecticut	Griffin	1
National Jewish Democratic Council	10/24/95 -	TBD	Ickes	2
<u>Regret</u>				
College Democrats Fundraiser	4/1/95 - 5/31/95	TBD	Herman	
Mort Lueckerman Meeting	4/1/95 - 5/31/95	Aif Force One	Ickes	2
Iowa Press	4/1/95 - 5/31/95	White House	Gearan	
Coffee With Women's Leadership Forum	4/1/95 - 5/31/95	Washington, DC	Ickes	
Photo op with Capital University Women's Basketball	4/5/95 - 5/31/95	White House	Griffin	
Lobbying Reform Event	4/16/95 - 5/30/95	Univ. of Wisconsin at Madison	Rasco	
Briefing for Appointees	4/26/95 - 6/2/95	450 OEOB	Higgins	
Tom Foley Institute	5/17/95 - 5/25/95	Loews L'Enfant Hotel	Griffin	
Former Members of Congress	5/17/95 - 5/18/95		Mikva	
Union of Orthodox Jewish Congregations of America's	5/21/95 -	New York City	Herman	

Event	Date(s)	Location	Sponsor	
Speech to NARAL tribute to US Supreme Court Justice Harry Bl	5/22/95 -	Andrew Mellon Auditorium	Ickes	
DNC Trustee Dinner	6/1/95 - 6/30/95	Washington, DC	Sosnik	
World Jewish Congress Dinner	6/1/95 - 6/30/95	New York City	McLarty	
Convention Merger for Garment Workers and	6/29/95 -	Miami Beach, FL	Ickes	2
Southwest Voter Registration Education Project	8/25/95 -	San Antonio	Herman	7
Speak to United Brotherhood of Carpenters and Joiners	9/25/95 - 9/29/95	Las Vegas	Sosnik	
Honorary Degree from Yeshiva University	12/3/95 -	Waldorf Astoria Hotel	Sosnik	
<u>Regret w/Surrogate</u>				
DLC Spring Retreat	5/18/95 - 5/21/95	Pinehurst Country Club	Sosnik	
Speech to Service Employees International Union	5/24/95 -	Hyatt Regency	Sosnik	
NAACP Annual Convention	7/10/95 - 7/13/95	Minn. Convention Ctr.	Herman	

Event	Date(s)	Location	Sponsor
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TBD

Accepted

Videotape Message to Arkansas Bar Association	5/10/95 - 6/8/95	White House	Lindsay
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Area residents feel Clinton's pain, send money

By NEIL A. SHEEHAN
PRESS STAFF WRITER

A RETIREE from Marlboro Township mailed in \$25. An 80-year-old Asbury Park woman chipped in another \$5. And from a dental hygienist in Island Heights, who dug deep into her pockets, came a contribution of \$1,000.

The donations didn't go to a Bible-waving TV evangelist, an environmental group or even a charity.

Rather, the money went to a fund to help President Clinton pay mounting legal bills from the Whitewater investigation and a sexual harassment lawsuit brought by former Arkansas state

employee Paula Corbin Jones.

Known as the Presidential Legal Expense Trust, the fund was set up last June and is the first of its kind for a sitting president. Contributions are limited to \$1,000 per year and may only be accepted from individual U.S. citizens to avoid influence peddling. To further prevent conflicts, the fund's administrators will release a list of contributors twice a year.

The first list was issued earlier this month and among the 5,865 Americans who sent in money were several political heavy-hitters, such as former President Jimmy Carter and former Gov. James J. Florio, and a smattering

of celebrities who strongly backed Clinton, including Barbra Streisand and actors Sean Penn and James Garner.

But a review of the donations — totaling \$608,000 so far — reveals that of the 123 New Jersey and several dozen area residents who contributed, most were ordinary citizens. Donations by area residents ranged from \$1 to \$1,000.

More specifically, of the \$18,727 mailed in by Garden State residents, 11 Monmouth County residents gave a total of \$501, four Ocean County residents donated \$1,115 and 14 Middlesex County residents shelled out

\$452.

Jane Halligan, a dental hygienist from Island Heights, said she had personal reasons for sending in the maximum allowable donation. Her husband, Francis X. Halligan Jr., a municipal court judge for several Ocean County towns, went to college with Clinton. Both received their undergraduate degrees from Georgetown University in Washington, D.C.

"I consider him (Clinton) a friend," said Halligan, 44. "I'm a strong supporter of his. He's had us down to the White House a couple of times and I campaigned for him."

But beyond those ties, Halligan said she contributed because she believes Clinton truly needs the financial help.

"It is tough for anyone who is in any office these days. He's been working in the public domain, so he hasn't made a huge salary. Maybe it will be different when he gets out of office and he can get a \$4 million book deal. But right now, it's tough," she said.

Marlboro Township resident Herbert L. Resnick gave \$25, even though he said he's worried about Clinton's ability to bounce back from the attacks that have hounded the Arkansas Democrat's first term.

"I'm a Democrat and I think Clinton has the potential to be a great president once he gets over his legal problems. I want to see him get re-elected," said Resnick, 69, who is retired from the graphic arts/printing business.

"At this juncture, he's in great danger of not being re-elected" unless he starts to articulate the difference between himself and conservative Republicans. "He needs to play hardball.

I don't know where he stands at the moment."

Before Resnick gives any more money to the fund, he said he'll wait to see what happens with Clinton's presidency.

Virginia K. Megill of Spring Lake retired from her job as a library technician at Fort Monmouth last month. She used some of her pension money to donate \$10.

"Actually, I'm a registered Republican, but I've been very disenchanted with the Republican Party," said Megill, 69.

"I think he is a good man. He's no saint, but I think the man has done a fabulous job and has not gotten the credit. The economy is doing well.

"Presidents from day one have not been models of virtue. If they do right for the country, that's what's important. All of a sudden we expect perfection in our politicians. We just have to get over that in this country," she said.

Megill also said she made a donation because the Clintons, unlike some other politicians, such as former President George Bush, were not born to wealth and can't afford the legal bills.

While New Jerseyans gave thousands to the fund, Californians were by far the most generous, sending in 1,263 checks totaling \$114,578. New Yorkers were next, with 383 donors giving \$76,921. Only seven Utah residents sent in money, for a total of \$200.

One of the fund's co-chairmen, Princeton lawyer and former U.S. Attorney General Nicholas deB. Katzenbach, hailed the the diversity of the donors.

"The fact that donations come from people in all 50 states and even that the contributions are, on average, small, is a source of satisfaction to both the president and Mrs. Clinton. They are both grateful that so many people contributed and that they came from all walks of life," Katzenbach said in a prepared statement.

Katzenbach said the donations still represented less than half the \$1.3 million Clinton has been charged so far by his lawyers.

A dozen New Jerseyans gave the maximum \$1,000. Bergen and Mercer counties had the most contributors, with 16 apiece. Next was Middlesex County, with 14, followed by Essex with 12, and Monmouth and Union counties with 11 each.

Among the state's towns, Princeton was out in front with seven contributions, while five Fort Lee residents gave money, followed by Trenton with four.

Here's a list of other area contributors: Marjorie Conway, Hazlet Township, \$50; Beatrice Dermer, Freehold, \$200; Alan M. Goldman, Marlboro Township, \$1; Irvin Sulo Hecht, Manalapan Township, \$25; Sidney R. Kaplan, Ocean Township, \$10; Seymour and June J. Teich, Long Branch, \$100; Merrill Tilker, Freehold, \$25; Edward and Helen Wilson, Keyport, \$50; Margaret York, Asbury Park, \$5; Jean Bergerud, Manchester Township, \$35; Joseph A. Spych, Manchester, \$50; and Hernando Montanez-Suarez, Pine Beach, \$30.

Also, Mr. and Mrs. Robert D. Bunker, North Brunswick Township, \$15; Natalie Dann, North Brunswick, \$50; Arnold I. Dumey, Cranbury Township, \$15; Joyce Fisher, East Brunswick Township, \$25; Risha Fried, East Brunswick, \$2; Gregory Machyowsky, Piscataway Township, \$3; Murray Meiseles, Cranbury, \$100; Rosalie Nespole, Edison Township, \$2; William J. Roberts, Woodbridge Township, \$15; Sarah M. Sieger, Cranbury, \$50; Linda White, Helmetta, \$50; Eileen M. Williams, South River, \$100; and Janet T. Woodward, Piscataway, \$25.

□ Press wire services contributed to this report.

THE PRESIDENT HAS SEEN

5-16-95

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THE PRESIDENT HAS SEEN
5-16-95

THE DEPUTY SECRETARY OF STATE
WASHINGTON

*cc: Bush
Inclined to agree.
The line to agree.*

May 15

Dear Mr. President -

I gather the question is pending whether you will do a drop-by at the Council of the Americas meeting here at the Department on May 22-23.

I recommend you do so, since it will send a powerful & positive signal both ~~to~~ the U.S. business community and to the Hemisphere, in the wake of the Summit of the Americas.

Strahan

cc: Mack McLarty

THE PRESIDENT HAS SEEN

5/16



cc. T Lake
reply
Original
to NSC

ASSISTANT TO THE CHAIRMAN,
JOINT CHIEFS OF STAFF
Washington, D.C. 20318-0001

15 May 1995

Dear Mr. President,

I wanted to thank you again for the extremely thoughtful notes you added to the photographs of the two of us, taken last fall on Air Force One. It has been a real honor to serve you and your national security team, and for me, the recently concluded trip to Moscow and Kiev was clearly the highlight of that service. I cannot thank you enough for including me on your team.

I will ensure your kind words regarding SGT Michelle Conrad, your jogging companion in Kiev, are relayed to her Army chain of command. Like you, I have been so impressed with the quality of our young soldiers. They are a genuine national treasure, and each of them appreciate beyond words your taking the time to talk to them. Many thanks for reaching out to this special group of Americans.

The successes in Kiev and Moscow were many, and I look forward to helping implement the security issues you were able to advance. The trip was moving, emotional, and extremely productive!

Respectfully,

DANIEL W. CHRISTMAN
Lieutenant General, U.S. Army

The President
The White House
Washington, DC 20500

Mexico City. May 15th, 1995.

5/16

H.E. William J. Clinton
President of the United States of America
The White House
Washington, D.C.



Dear Mr. President:

I would like to refer to your letter of May 9th. regarding the Conference on the Non Proliferation of Nuclear Weapons Treaty which was delivered to me by Ambassador James Jones.

In our initial letters exchange, in my telephone conversation with Vice-President Gore and in the contacts between the Mexican Foreign Affairs Secretary and the U.S. Secretary of State, Mr. Warren Christopher, we always stated that we had a great interest in the success of the Conference and that we shared your views about its importance.

The Mexican delegation worked very hard with the President of the Conference, Mr. Jayantha Dhanapala, and with numerous delegations, among them the U.S. delegation, in order to reach a consensus decision that would include both the indefinite extension of the Treaty and a series of issues regarding the process of disarmament and follow-up of the Treaty's operation through time.

Precisely at the moment when your above-mentioned letter was delivered to me, work to eliminate the last obstacles, both political and technical to reach such consensus, was in progress. Fortunately the consensus was reached a few hours later owing, among other things, to the active participation of the Mexican delegation.

As Messrs. Christopher and Gurria stated on May 6th. by reaching the consensus in favor of President Dhanapala's document, the issue of the several resolutions that had been presented, both formally and informally would cease to be of importance. It was expected that all of them would be withdrawn by their sponsors in favor of the President's document. That is what actually happened.

The outcome of the Conference is a success for all of mankind. Mexico is very pleased with such an outcome because it includes all the ideas that we suggested from the beginning. We always worked in a constructive way and in permanent consultation with the most active members of the international community.

I am pleased to confirm once again that both our countries, working in a coordinated way and with common purposes, can achieve such important results.

Yours truly,

Ernesto Zedillo Ponce de León

Ernesto Zedillo Ponce de León

PRESIDENTE DE LOS ESTADOS UNIDOS MEXICANOS

Mayo 15 de 1995.

SEÑOR WILLIAM CLINTON

Presidente de los Estados Unidos de América
P r e s e n t e .

Excelentísimo Señor Presidente:

Me refiero a su comunicación del pasado martes 9 de mayo, respecto de la Conferencia sobre el Tratado de No Proliferación de Armas Nucleares que me fue entregada por el Embajador James Jones.

En nuestro intercambio inicial de cartas, en mi comunicación telefónica con el Vicepresidente Gore y en los contactos entre el Secretario de Relaciones Exteriores de México y el Secretario de Estado, Sr. Warren Christopher, mantuvimos siempre que teníamos un gran interés en el éxito de la Conferencia y que compartíamos su visión sobre la trascendencia de la misma.

La delegación de México trabajó intensamente con el Presidente de la Conferencia, Sr. Jayantha Dhanapala y con un gran número de delegaciones, entre ellas la de los Estados Unidos, para lograr una decisión de consenso que incorporara tanto la extensión indefinida del Tratado, como una serie de elementos referidos al proceso de desarme y de revisión de la operación del Tratado en el tiempo.

Precisamente cuando me fue entregada su comunicación de referencia, se llevaban a cabo trabajos tendientes a eliminar los últimos obstáculos, tanto políticos como técnicos, para lograr dicho consenso, el cual afortunadamente se concretó pocas horas después, entre otras cosas gracias a la activa participación de la delegación mexicana.

Ernesto Zedillo Ponce de León

PRESIDENTE DE LOS ESTADOS UNIDOS MEXICANOS

Tal como lo comentaron el 6 de mayo pasado los señores Christopher y Gurría, al lograrse el consenso en favor del documento del Presidente Dhanapala, el asunto de las distintas resoluciones que habían sido presentadas formal o informalmente, dejaría de tener importancia. Estaba previsto que todas serían retiradas por su patrocinadores en favor del documento de la Presidencia. Así sucedió.

El resultado de la conferencia es un éxito para la humanidad entera. México está muy satisfecho de dicho resultado, pues incorpora todos los planteamientos que sugerimos desde el inicio de la misma. Trabajamos siempre en forma constructiva y en consulta permanente con los más activos miembros de la comunidad internacional.

Me complace constatar una vez más, que nuestros dos países, trabajando en forma coordinada y con propósitos comunes, pueden lograr éxitos tan importantes.

Le reitero las seguridades de mi más atenta y distinguida consideración.

A large, stylized handwritten signature in black ink, likely belonging to Ernesto Zedillo Ponce de León. The signature is fluid and cursive, with a long horizontal stroke at the bottom.

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

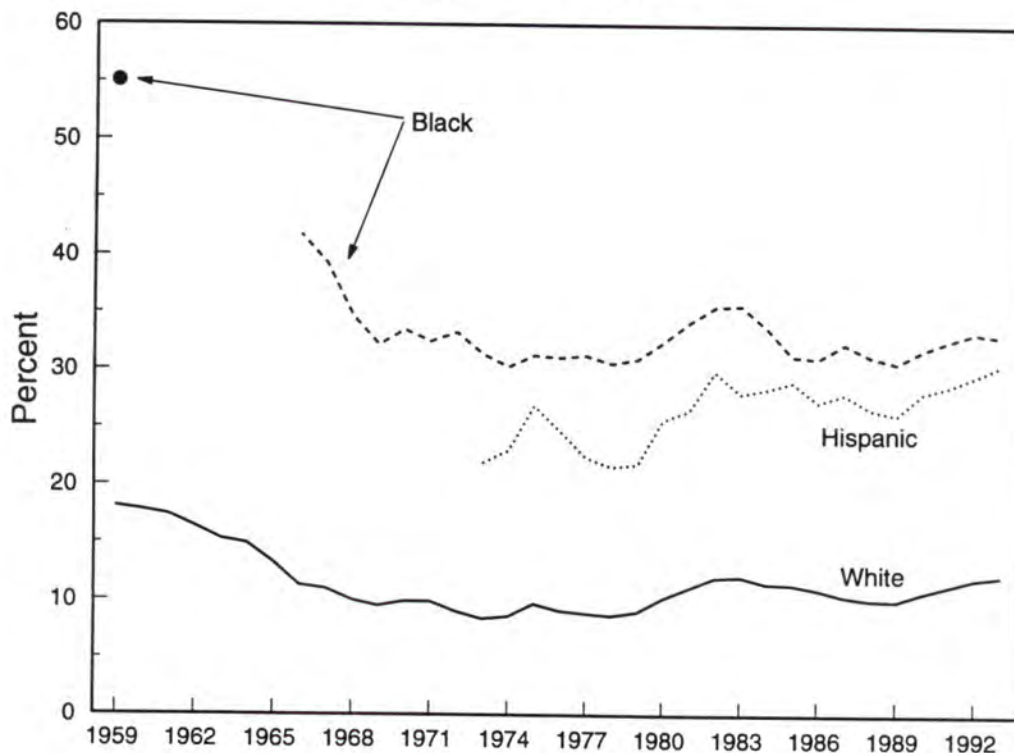
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

May 15, 1995

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CHART OF THE WEEK

Poverty Rates By Race



During the 1960s, the poverty rate declined dramatically for both blacks and whites. (Data for Hispanics during the 1960s are not available.) Since the early 1970s, however, the poverty rate has either remained about unchanged (for blacks), edged up slightly (for whites) or increased substantially (for Hispanics). In 1993, the rates for blacks and Hispanics were more than twice the rate for whites. The Article in this issue of the Weekly Economic Briefing examines issues related to the measurement of poverty, and analyzes the key recommendations of a major recent report.

CURRENT DEVELOPMENT

Commerce Announces Plan for GDP Revision

On May 4, the Commerce Department formally announced its intention to emphasize a "chain-weight" measure as the primary gauge of real GDP growth, rather than the current "fixed-weight" series.



When this switch is implemented at the end of this year, GDP growth rates for the last few years will probably be revised downward significantly. Currently available data suggest that estimated growth in 1993 will be marked down 0.8 percentage point, while growth in 1994 will be reduced 0.4 percentage point (see chart).

Even if Commerce had not opted to change its focus to the chain-weight index, the GDP growth estimates for 1993 and 1994 would have been revised downward for technical reasons related to the characteristics of fixed-weight indexes.

Analysis. One important advantage of a chain-weight measure is that it provides a more accurate gauge of long-run trends. Chain-weight data were featured in the 1995 Economic Report of the President, which examined long-term trends in the growth of productivity. Another important advantage of a chain-weight measure is that, unlike its fixed-weight cousin, it will not be subject to downward revision once every five years.

There is widespread support among economists for the switch to a chain-weight index.

*Reig
Kuo*

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
5/16

95 MAY 13 P 1 : 16

May 12, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: Summary of Weekly Cabinet Reports

Department of Treasury

- **Police Week:** Police Week begins on Saturday, May 13. Saturday, the National Law Enforcement Officers Memorial Fund hosts a candlelight vigil at the National Police Memorial in Washington, D.C. This year, 298 names will be added to the memorial. Monday, the Fraternal Order of Police hosts the Annual National Law Enforcement Memorial Day Service. Secretary Rubin, the Attorney General, and Under Secretary Noble, join you at the ceremony.
- **House International Relations Committee Foreign Aid Markup:** The House International Relations Committee is currently marking up their foreign aid package. Treasury is working with State and others to halt attempts to shift \$20 million (of a \$27 million Administration request) from poorest country debt reduction under Paris Club commitments to assistance for Jordan.

Under the terms of the Chairman's mark still before the Committee, poorest country debt reduction would get \$7 million and the proposed buyback/swap program in Latin America would get \$3 million from a requested \$15 million. Assistant Secretary Jeff Shafer met with HIRC Chairman Ben Gilman and senior Republican Jim Leach Wednesday, May 10, to discuss the Administration's concerns regarding Committee attempts to trade off poorest country debt reduction for Jordan aid.

- **White House Security Review:** On May 9, Under Secretary Ron Noble and Secret Service Director Eljay Bowron briefed House Treasury Appropriations Subcommittee Chairman Jim Lightfoot and Ranking Democrat Steny Hoyer on the results of the White House Security Review. They discussed security options available to the Secret Service but made it clear that no recommendations have gone forth at this time. On Thursday, May 11, similar briefings were given to House and Senate leaders as well as Treasury's Senate Appropriators (Senators Shelby and Kerrey).

Department of Commerce

- **Census Adjustment:** Within 2 weeks, Census will announce the filing of a notice to consider whether to use adjusted census figures beginning in January, 1996. Commerce will conduct press briefings on this decision. The White House has been briefed.
- ✓ • **Child Custody:** Saturday, May 13, Census will release *Custodial Mothers and Fathers Short \$5.8 Billion in 1991 Child Support Payments*, highlighting the fact that parents due child support in 1991 received only 67 percent of the \$17.7 billion due them. Rahm Emanuel has coordinated this release with HHS and Commerce.
- **60 Minutes:** A story is expected for Sunday night, May 14, on House Budget Chairman John Kasich and his budget proposals regarding Commerce and other federal departments.
- **Denver Hemispheric Ministerial and Trade and Commerce:** Monday, May 15, Secretary Brown and Ambassador Kantor join Governor Romer in Denver, CO for the official announcement of the June 29-July 2 Hemispheric Ministerial and Trade and Commerce Forum, the private-public sector gathering following up the Miami Summit.
- **Commerce will Release the Following Economic Data:**
In recognition of Mother's Day, Census will release
 - "Statistical Facts About Nation's Mothers." May 14
 - Housing Starts and Building Permits for April 1995 May 16
 - U.S. International Trade in Goods and Services for March May 18
 - U.S. Trade in International Goods and Services for March 1995 May 18
- **Middle East Investment Speech:** On May 18, Secretary Brown addresses the Council on Foreign Relations in New York as part of a conference on "The Middle East Peace Process -- Investing in the Future," addressed also by Jordan's Crown Prince Hassan.

Department of Labor

- **AFL-CIO:** AFL-CIO secretary-treasurer Thomas R. Donahue announced he will retire in October. Donahue had been considered a compromise candidate by a number of union presidents who oppose the reelection of Lane Kirkland. Donahue indicated that his retirement would allow the council "to begin to consider those who are, or will be, candidates for the office of president and secretary-treasurer-- without having to speculate about my intentions."

On May 9, Kirkland announced he would seek reelection. The same day, leaders of 11 international unions opposing Kirkland announced the formation of a committee to field candidates for AFL-CIO president, and other top posts. On May 10, a number of other international union presidents began organizing support for Kirkland's reelection. The election of officers will take place at the October 23-26 convention in New York City.

- **Labor Union Speeches:** On May 19, Secretary Reich speaks at the Michigan State AFL-CIO Convention and opens the Union Industries Trade Show in Detroit, Michigan.
- **Women's Bureau:** On May 19-20, DOL celebrates the 75th anniversary of the Women's Bureau. The Anniversary Conference will attract 1000 women's leaders from around the country.
- **Bridgestone/Firestone Strike:** On May 7, members of Rubber Workers' Local Union 713 in Decatur, IL voted to end their strike and unconditionally return to work at Bridgestone/Firestone. The strike began on July 12, 1994, and the company started hiring permanent replacements on January 4, 1995. Bridgestone/Firestone acknowledged that it received the URW offer on May 8, and, reportedly, has accepted the offer. However, the company also indicated that it would "protect the rights" of some 900 permanent replacements hired at the Decatur plant.

URW strikes continue at plants in Des Moines, Iowa, Oklahoma City, Okla., and Noblesville, IN; however, these locations may also consider a return-to-work vote in the near future. FMCS is attempting to arrange a resumption of direct negotiations sometime next week. In a related development, the URW executive board met on May 10 with the Steelworkers to discuss a merger of the two unions.

- **Leslie Fay Strike:** On May 5 Leslie Fay, Inc. announced that it would close its last U. S. clothing manufacturing plant, in Wilkes-Barre, Pa., on August 1. In July 1994, the ILGWU terminated a six week strike after reaching an agreement which preserved the 600 jobs at the plant for at least one year.

Department of Transportation

- **Regulatory Reform.** On May 9, Secretary Peña suspended until further notice the requirements for pre-employment alcohol testing rules for transportation industries. The Secretary considered those regulations burdensome and of limited value.
- **National Highway Safety (NHS) Legislation:** On May 10, the Senate Environment and Public Works Committee reported out NHS legislation, by a vote of 13-1. There was no attempt to restore the national speed limit. The Committee passed an amendment introduced by Senator Smith (R-NH) on behalf of Senator Warner (R-VA) to repeal Davis-Bacon requirements. The amendment passed on an 8-7 vote. Senator Smith did not introduce an amendment to repeal motorcycle helmet and seatbelt laws. Senator Chafee expressed hope that the bill would move to the Senate floor as soon as possible. House action on similar legislation is not expected until June.
- **Father of the Year:** On May 18, Secretary Peña travels to New York City and receives a Father of the Year Award.

- **New Cessna Factory:** On May 19, Deputy FAA Administrator Linda Daschle and USDA Secretary Glickman speak at the groundbreaking ceremony for a new factory in Independence, KS, to construct single-engine Cessna aircraft. Cessna announced plans for this factory following your signing of the General Aviation Revitalization Act of 1994, providing for a statute of repose limiting product defect liability on GA aircraft to 18 years. The new factory will create 500-1,000 jobs and will dramatically increase the traffic to the Independence airport. Dep. Daschle will also announce the FAA's plans to install an Instrument Landing System at the airport to accommodate this increased traffic.
- **Delay of Controversial Rulemaking on Safe Container:** By May 19, DOT will announce a delay in the June 27 implementation date of the Safe Container Transportation Act of 1992. The Act requires shippers to prepare a certification statement of the gross weight and a reasonable description of the cargo in a container. DOT has received numerous requests for the delay from the industry. This delay should alleviate the industry's concern and allow it the time needed to come into compliance.

United States Trade Representative

- **Japan Sanctions:** On May 10, Ambassador Kantor, Secretary Ron Brown, and Dr. Tyson held a press conference to announce your decision to invoke the WTO dispute settlement mechanism and to publish a retaliation list under Sections 301 and 304 of the Trade Act of 1974 against Japan for unfair trade practices in Japan's auto/auto parts markets. In addition, Ambassador Kantor sent a pre-filing notification to WTO Director-General Renato Ruggiero indicating the U.S.'s intent to invoke the WTO dispute settlement mechanism to challenge the continuing Japanese discrimination against U.S. autos and auto parts.

Department of Education

- **Budget Proposals:** Among its cuts, the Senate budget privatizes Sallie Mae and consolidates 60 job training programs while reducing their funds by 25%. The House budget eliminates the Departments of Education, Commerce, and Energy. Goals 2000: Educate America Act, and the School-to-Work Opportunities Act were eliminated.
- **Response to Consolidation Report:** On May 10, Secretary Riley sent a response to the GAO regarding its report on the Goodling/Gunderson proposal to merge the Departments of Education and Labor and the Equal Employment Opportunity Commission. Secretary Riley stated very strongly that such a merger proposal is unwise, unworkable, and minimizes the importance of education as a national priority.
- **Save the Children:** On May 16, Secretary Riley speaks at the "Beat the Odds" awards luncheon sponsored by Save the Children.

- **School-to-Work Anniversary:** On May 17, Secretary Riley and Secretary Reich join you in White Plains, Maryland to celebrate the first anniversary of the School-to-Work Opportunities Act.
- **Direct Lending Hearing:** On May 23, the House Economic and Educational Opportunities Committee Subcommittee on Oversight and Investigations (Chairman Peter Hoekstra, R-MI) is planning an oversight hearing on direct loans. Senior Advisor to the Secretary Leo Kornfeld will testify.
- **Florida Higher Education Desegregation:** On April 28, a letter was sent to Governor Chiles from DoEd Assistant Secretary for Civil Rights, Norma Cantu, kicking off an initiative regarding higher education desegregation efforts in Florida. This effort follows the 1992 Supreme Court decision in U.S. v. Fordice concerning higher education desegregation. The letter proposed that Florida join the Department in a partnership to expand access for African American students to high quality higher educational opportunities in the State's public colleges. Secretary Riley gave Governor Chiles a "heads-up" call on April 26 to discuss this new "partnership" approach as an alternative to the traditional compliance monitoring investigations.

Department of Justice

- **Waco:** 60 Minutes interview with the Attorney General will air on Sunday, May 14.
- **Connecticut May File Suit Against the Bureau of Indian Affairs To Accept into Trust Status 247 Acres of Land Presently Owned by the Pequot Tribe:** The BIA originally anticipated transferring the land into trust status on May 9. However, the Connecticut Attorney General and 3 towns located near the Pequot reservation have requested additional time to challenge this action in Court. A motion for preliminary injunction will be filed shortly. The Pequot Tribe contacted the White House and accused the BIA of attempting to frustrate their efforts to transfer the land into trust. Justice is in the process of negotiating a briefing schedule for the motion for preliminary injunction.
- **Vulnerability Review Of Government Facilities:** Representatives of the U.S. Marshals Service, the Justice Management Division and the General Services Administration have met and developed a plan and methodology for the review. Discussions to date have focused on identifying the scope of the review (the number and type of facilities to be covered), existing security-related data, additional information which needs to be gathered, and the personnel who will collect necessary information.
- **The First Violence Against Women Grant was Awarded to Vermont on May 11.**

Need
to
discuss



- **Border Patrol Stops Large Shipment Of Cocaine In Texas:** Agents from the McAllen Border Patrol Sector seized approximately 2,600 pounds of cocaine on the banks of the Rio Grande near Pharr, Texas, on May 3. The shipment was individually packaged and carried in burlap sacks by 12 people who succeeded in escaping after abandoning the sacks. The estimated street value of the seized cocaine is more than \$85 million.

- **Joint Enforcement Initiative In Nevada Captures 71 Fugitives:** On May 5, INS and the Nevada Parole and Probation Dept. announced the completion of the first 2-week joint operation in Reno of the new "Fugitive Interdiction Striker Team" of INS agents and State parole officers. The operation resulted in the arrest of 71 criminal fugitives identified through parole records and tracked down with the assistance of the Nevada Highway Patrol. 80 percent are linked to violent crimes or serious drug offenses and approximately two-thirds are deportable aliens.

- **Munoz-Mosquera Sentenced in Jetliner Bombing:** On May 5, Dandeny Munoz-Mosquera, once a top assassin for Pablo Escobar, was sentenced in the Eastern District of New York on charges of narcotics trafficking, the bombing of a commercial airliner, and the extra-territorial murder of U.S. citizens. U.S. District Judge Sterling Johnson sentenced Munoz-Mosquera to ten life sentences, two 20-year sentences, and one 5-year sentence, all of which are to run consecutively. Munoz-Mosquera was convicted of the murder of two U.S. citizens who were killed during the November 1989 bombing of an Avianca jetliner.



- **12 Arrested And \$1.2 Million Seized In New York, New Jersey And Illinois Roundup:** In a 3 day roundup, law enforcement officers in New York, New Jersey, and Illinois seized over \$1 million and almost 400 kgs of cocaine, and arrested 12 defendants on drug and money laundering charges.

- **Challenge To Striker Replacement Executive Order Dismissed On Ripeness Grounds.** On May 9, in the District of Columbia, Judge Gladys Kessler dismissed a challenge to the Executive Order, which allows the Secretary of Labor to debar or terminate the contracts of government contractors that permanently replace lawfully striking employees. Judge Kessler held that, because the Secretary has not yet promulgated final regulations to implement the Executive Order and has not yet taken any action to enforce the Executive Order, plaintiffs' claims are not ripe. Although Justice expects plaintiffs to appeal, the ripeness issue may well become moot before the appeal is decided because the Secretary will issue final regulations shortly, which will take effect 30 days from their issuance, and is likely to initiate enforcement action promptly thereafter.

Department of Health and Human Services

- **HHS May Approve Welfare Proposal for Arizona in the Next Few Weeks:** Arizona's welfare reform proposal would establish a family cap statewide; time limit benefits; allow recipients to deposit up to \$200/month (with 50% disregarded) in Individual Development Accounts; require minor parents to live at home or in other adult-supervised settings; extend Transitional Child Care and Medicaid to 24 months and eliminate the 100-hour rule for employable two-parent households.
- **DC Medicaid Crisis:** On May 4, HHS met with DC officials to discuss long-term policy solutions to D.C.'s Medicaid crisis. The District accepted HHS's offer to identify candidates for a Medicaid policy work group that would advise DC during the development of a long-range strategy for its Medicaid program.
- **Guidelines on Stroke Rehabilitation:** On May 24, HHS plans to issue clinical guidelines for both health care providers and patients on post-stroke recovery. Strokes account for the largest use of Medicare rehabilitation dollars. The guidelines will help reduce inappropriate treatments and lead to more effective use of rehabilitation facilities. The Senate Republicans's budget plan unveiled this week would reduce funding for the Agency for Health Care Policy and Research (the HHS office that issues such clinical guidelines) by 75 percent for 1996, thereby discontinuing these guidelines that have helped Americans spend their health care dollar more wisely.
- **California Disputed Medi-Cal Claims:** HHS and California officials made significant progress in reviewing claims for activities from July 1, 1992 - December 31, 1994 to determine the percentage of expenditures which qualify for federal match. In early June, money should be available to the State for 5 of 8 programs being reviewed, with payments for the latter 3 programs following in late June. Counties are concerned that the State is moving at a very slow pace in processing information needed to resolve the claims disputes. Counties may also be disappointed by the amount of legitimate Medicaid administrative activity embedded in the Medicaid Administrative Claiming (MAC) claims. Preliminary figures from Los Angeles County indicate that less than eight percent (approximately \$80 million) of their original MAC claims will be allowable. Other counties may yield a higher percentage of allowable claims.

Social Security Administration

- **Social Security Administration Rated Tops in Customer Service:** SSA has been rated as the best telephone customer service provider from a list of 9 world-class service providers in a new study by Dalbar, Inc., a financial services industry consulting firm. The 9 companies tested were: AT&T Universal Credit Cards, Disney Companies, Federal Express, L.L. Bean, Nordstrom, Saturn Corporation, Social Security Administration, Southwest Airlines, and Xerox.

- **Advisory Council:** The Advisory Council on Social Security meets May 19-20 in Washington, D.C. to address long-rang financing. Meetings will be open to the public and will focus on broad issues as well some specific proposals developed by individual members. The Council was established by law to examine and make recommendations on Social Security. The Council is expected to issue its report later this year.
- **Social Security Numbers (SSN) for Childhood Immunization:** As of April 19, 1995, SSA began providing the SSNs of newborns to States for use in Childhood Immunization Registries and other public health programs.

Department Of Housing and Urban Development

- **New Oklahoma City HUD Office Opens in Mid-June:** HUD plans to announce the grand opening of the new office during the week of June 19th. Secretary Cisneros has invited the chairs of the four appropriations subcommittees to the event.
- **Oklahoma City Emergency Assistance and Scholarship Fund:** HUD will announce on May 15th the establishment of an Emergency Assistance and Scholarship Fund for employees and their families in Oklahoma City. The scholarship component of the fund was added to assist family members of the deceased in covering the costs of education (from pre-school to post-secondary education) for children and young adults during this crisis. Many of the deceased were primary wage earners or single parents that have left their children and family in financial straits. HUD has identified 47 dependent children of HUD victims that can benefit from this fund.
- **Demolition of Public Housing in Atlanta's Olympic Zone:** Friday, May 12th, Secretary Cisneros was in Atlanta to commemorate the demolition of Techwood Clarke-Howell Homes, the oldest public housing development in the nation. Of the 1,195 units of housing at Techwood, over 1,000 units will be torn down and replaced with attractive single family homes both on- and off-site. Part of the Techwood community, is to be used to house the 1996 Summer Olympic athletes; therefore, HUD has been working closely with the City to accelerate its redevelopment plans.
- **Groundbreakings:** After demolition, many housing authorities are ready to begin groundbreaking ceremonies for construction of better public housing. Assistant Secretary Joe Shuldiner or the Secretary will participate in the following: May 17 in Milwaukee -- site of innovative HOPE VI initiative; May 22 in Kansas City -- receiver and community working together; May 23 in Denver -- resident managed townhomes; and May 25, in Puerto Rico -- site of HOPE VI initiative.
- **B'Nai B'rith Board of Governors:** On Sunday, May 7th, Secretary Cisneros spoke to the Board of Governors of B'nai B'rith. He discussed on a range of issues, including a clarification of HUD's position on public housing authorities' contracts with Nation of Islam-affiliated organizations to provide security services.

- **New Escrow Rule Saves Money for Consumers:** On May 24, 1995, new rules governing home mortgage escrow accounts go into effect that will ensure that lenders hold less of consumers' monies in escrow, returning approximately \$1.5 billion to consumers. It will lower closing costs (up to \$250 for some borrowers) and give consumers simple disclosures, similar to bank statements, so that they can understand the activity in their own escrow accounts.

Department of Interior

- **Endangered Species Act [ESA] Bill Introduced:** On May 9, Senators Gorton, Johnston, Shelby, Breaux and Packwood introduced a bill amending the ESA. The bill has been the subject of press reports of a Senate staff memo suggesting that it had been drafted largely by lobbyists for timber and other industries. Senators Baucus and Reid have sent a letter to their Democratic colleagues asking that they not cosponsor the bill. Secretary Babbitt issued a press release stating that the bill can be summed up in seven words: "it would repeal the Endangered Species Act."
- **Mid-West Travel:** Last week Secretary Babbitt toured Ohio and Michigan to promote environmental success stories. The trip continues to generate press, including a front page story in the *Cleveland Plain Dealer* and an editorial in the *Detroit Free Press*.

Environmental Protection Agency

- **Wetlands Delineation:** On Tuesday, May 9, the National Academy of Sciences released an impartial scientific analysis of Wetlands delineation. Through the study, requested by Congress, a diverse group of scientific experts -- including representatives of industry, environmentalists, universities and others -- unanimously concluded that the Administration's approach to determining wetlands jurisdiction is scientifically sound.
- **Regulatory Reinvention:** This past week, the Agency announced the Universal Waste Rule, partially implementing "Refocus RCRA" (waste management) on High Risk Waste." It will encourage recycling of common household items, such as batteries and mercury thermostats. By removing the permit requirement, it will make it easier for local retail outlets and convenience stores to collect such waste in sufficient quantities to sell to a recycler.
- **Privacy Act Allegations:** On Tuesday, May 9, Congressman Tauzin (D-LA) held a press conference and sent Administrator Browner a letter regarding his allegations of a criminal violation of the Privacy Act by EPA regional staff. The underlying issue is a controversial wetlands enforcement case in Louisiana. This case has become a lightning rod for opposing views on private property rights, with Congressman Tauzin's account being called into question by recent press stories and Congressional testimony. EPA has no evidence of any criminal misconduct at EPA. EPA is conducting an internal review of the allegations and will cooperate with Congress to address any legitimate concerns.

- **New Hampshire Commencement Address:** Saturday, May 13, Administrator Browner speaks at the Colby-Sawyer College graduation ceremony. She will also do a television interview and attend a reception with environmentalists organized by the White House.
- **EPA - OAS Memorandum of Understanding Signing Ceremony:** On May 15, Administrator Browner will sign a Memorandum of Understanding with the Organization of American States providing a formal basis for the EPA and the OAS to collaborate on a wide range of environmental management issues, such as coastal zone management.
- **Meeting With State Environmental Officials:** On Wednesday, May 17, Administrator Browner and EPA officials will meet with environmental officials from 46 states to further improve relationships with the states and address several specific issues of concern. The day-long discussions will focus on your Reinventing Environmental Regulation package; the Performance Partnership Grant initiative; and current legislative and regulatory issues. Administrator Browner hopes to gain agreement on a fundamental restructuring of oversight of state environmental programs. This restructuring is in line with recent reports and recommendations by the General Accounting Office and the National Academy of Public Administration.

Department of Energy

- **Spent Fuel Environmental Impact Statement:** The Department is required by a court settlement to develop and approve an Environmental Impact Statement (EIS) setting forth a plan for disposing of the Department's spent fuel as well as spent fuel from the Navy. The EIS provided for storage of most of the fuel in South Carolina, Washington, and Idaho, where there is controversy about our plans. The EIS will be announced before June 1, 1995.
- **DOE Donates Security Equipment to D.C. Public School:** On Monday, May 15, Secretary O'Leary will transfer, on behalf of the Department, excess security equipment such as metal detectors to the D.C. Public Schools. Congresswoman Norton and the local School Board will attend the announcement.
- **Travel to Paris, Baku, and Florence:** Wednesday, May 17, Secretary O'leary leaves for Paris to chair the Annual Ministerial Meeting of the International Energy Agency. This will be the first time a U.S. Energy Secretary has chaired this event since 1980. Russia's Energy Minister will receive IEA recommendations of policies to encourage investment in its oil and gas sector. Secretary O'Leary then travels to Azerbaijan, at the request of the U.S. oil industry, to make a speech at an oil and gas conference. Secretary O'Leary then flies to Florence and addresses the world Geothermal Congress to advance the commercial interests of U.S. geothermal firms.

- **Alignment of the Department of Energy:** The Department's recently announced alignment and downsizing initiative continues to receive major congressional, media, and public interest. Secretary O'Leary tasked a group of employees to report back to her in 90 days with recommendations as to how to allocate, by program area, the employee reductions which are equivalent to 30 percent of the work force.

Department of Agriculture

- **Farm Bill Guidelines:** On May 10, USDA unveiled the 1995 Farm Bill guidelines with Congressional, press, and constituent briefings led by Secretary Glickman. USDA broadcast the event live by satellite for television and farm broadcasters. Deputy Secretary Rominger and sub-cabinet officials also conducted media throughout rural America.
- **Agricultural Employment Data:** On May 17, USDA will release *U.S. Farm and Farm-Related Employment*, indicating that farm and farm-related industries provided over 21 million jobs in 1991, or 15.7 percent of total U.S. employment. The industries employed 40,000 fewer workers in 1991 than in 1990. Many of the lost jobs were in farm production and in apparel and textile manufacturing. Some farm-related industries, particularly wholesale and retail trade, gained jobs. Though the overall number of jobs fell, farm and farm-related employment's share of total U.S. employment remained steady.
- **U.S.-China WTO Membership Talks Resume:** After a 5 month hiatus, China has agreed to resume bilateral discussions in Geneva next week on WTO membership. While there is no indication that the Chinese plan any substantive discussion on schedule or protocol, the meeting will afford U.S. negotiators the opportunity to explore such topics as state trading enterprises, tariffs, and export subsidy levels.
- **Foodborne Illness:** On May 17, USDA will announce an agreement with the CDC and the FDA to authorize sites in CA, OR, MN, CT, and GA to collect information about foodborne illness caused by *E. coli* O157:H7 and Salmonella. On Thursday, May 11, CNN interviewed Acting Under Secretary for Food Safety Michael Taylor about the agreement. A USDA press availability is also planned.
- **Milk Regulatory Action:** On May 9, USDA issued a final decision merging five federal milk orders in the southern United States. This decision merges the Georgia, Alabama-West Florida, Greater Louisiana, New Orleans-Mississippi, and Central Arkansas marketing areas into the Southeast marketing area. Producers will vote to approve or disapprove the new order in a referendum ballot, which will be sent to them with USDA's decision.

- **China Signs New Apple and Sweet Cherry Market Access Agreements:** On May 8, the Secretary announced that China may soon import apples from Oregon and Idaho and sweet cherries from Washington. New protocols were signed on April 20 in San Francisco during technical discussions over China's plant protection measures. USDA is still working to negotiate reductions in China's tariff rates on imported fruits.
- **Bone Fragments In School Lunches:** USDA has received complaints from schools in Connecticut and Michigan about bone fragments in chicken food products. This issue is particularly sensitive, since a child in New Britain, CT choked to death after eating chicken on April 27. It is unclear whether the incident is related to the bone complaints. USDA is taking all precautions to prevent any safety risks until the matter is thoroughly investigated.
- **Pacific Northwest Economic Adjustment Program/Forest Plan:** On May 5, the Record of Decision for California's Shasta-Trinity National Forest Land and Resources Management Plan was published. The comment period will end after 30 days. This forest plan is the first of 4 northern California forest plans to be completed -- along your guidelines -- managing habitat for late-successional and old-growth related species within the range of the Northern Spotted Owl.

Office of National Drug Control Policy

Discuss

Massachusetts Travel / Safe and Drugs Free Schools: Director Brown traveled with Representative Zeff (R-NH) to New England this week to review drug treatment programs. The Congressman is very interested in having members of his committee meet with you to discuss drug issues. More importantly, indications from Rep. Zeff are that he will now support Safe and Drug Free Schools Funding (terminated in the House budget resolution).

Department of Veterans Affairs

- **POW/MIA Mission to Vietnam:** Deputy Secretary Guber and Assistant Secretary Lord will arrive in Hanoi on May 14 as part of the Presidential Delegation visiting Laos.
- **VA Health Care:** The *Washington Post* is expected to run a major article on VA's health care system either May 20 or 21. Post reporter Bill McAllister has been working on the article for some months. Topics expected to be covered include the declining veteran population and low occupancy rates at some VA medical centers; justification for a separate health care system for veterans; major hospital construction projects; compensation payments for veterans whose injuries are not combat-related; and various Inspector General reports, including one that recommended closure of surgical units with low numbers of procedures and surgeons who perform few or no surgical procedures over a period of time. Secretary Brown was interviewed for the article, as was VA's Under Secretary for Health Kenneth Kizer. McAllister also interviewed former Under Secretary for Health Dr. James Holsinger and former VA Secretary Edward Derwinski.

Office of Personnel Management

- **Senate and House Budgets Virtually Abolish OPM:** The Republican budgets, although not eliminating OPM per se, reduce funding in the range of 85-95%. OPM's responded by stressing its role in protecting the merit system and in serving 10 million government employees and retirees.
- **Ramspeck Act:** In Senate hearings on Monday, May 5, use of the Ramspeck Act was criticized by Senators Stevens and McCain. Legislation to abolish the Ramspeck Act is a possibility. The Ramspeck Act allows Congressional employees who have lost their jobs to be hired in career government positions without being subject to the normal civil service procedures.

General Services Administration

- **Demolition of Murrah Building in Oklahoma City:** GSA intends to demolish the Murrah Building in Oklahoma on May 20th. As part of the Administration's Interagency Task Force, GSA has been in constant communication with The White House regarding the situation, including immediate steps that are being taken to increase security at Federal facilities.
- **GSA Child Care:** The majority of inquiries GSA has received on the Oklahoma City situation have focused on GSA Child Care facilities and security. GSA is also taking calls with respect to bomb threats that have occurred at other GSA locations. They are referring many of these calls to DOJ and the White House. GSA is also receiving calls from the trade press regarding the impact of the House and Senate Budget Proposals on GSA buildings and information technology programs.

Department of Defense

- **Former Yugoslavia:** The fighting has quieted in Croatia Sector East but it is an uneasy peace. The principal U.S. objective in this conflict is to help find a solution which prevents attacks on U.S. personnel, keeps UNCRO in Croatia, and prevents the conflict from spreading.

The challenge of keeping UNPROFOR in place -- and increasing its credibility -- only increases with opposition groups in both Canada and Britain now calling for the troops to get out. The Embassy reports that the British sense a significant shift in French thinking on the issue (i.e., that withdrawal is now a realistic proposition) and that if the French withdraw, the UK will follow.

- **Iraq:** GAO has at last issued a classified report, under preparation for more than a year, on foreign policy concerns associated with Operation Provide Comfort. Defense has no objections with the report. GAO recommends, as we have repeatedly done, that there be a broad interagency review of where we are headed in northern Iraq.
- **Cuba:** GTMO Cuban migrants will be paroled to the United States at the rate of approximately 500 per week. Currently, nine Cubans have been positively identified as excludable and will not be paroled to the United States but will be returned to Cuba. On Monday, May 8, the U.S. Coast Guard repatriated 13 Cuban migrants directly to Cuba. The migrants were picked up at sea by a cruise ship on Friday, May 5. These were the first migrants to be repatriated under the revised policy.
- **Peru-Ecuador:** With troop withdrawal complete and the DMZ recommendation pending final approval, the Guarantor Observer Group is in its final stages.
- **Rescissions/Disaster Supplemental:** Congressional staff began work last week to narrow the differences between the House and Senate bills. DoD has \$231 million in rescissions to stake in Military Construction and about \$170 million in travel costs. DoD has appealed the rescission in military construction, but OMB has instructed it not to appeal the undistributed travel reduction.
- **Deputy Secretary of Defense Confirmation:** John White's nomination papers are now before the Senate Armed Services Committee. Defense is working hard to get him confirmed before the Memorial Day recess, and have had an indication from Senator Thurmond that he will assist in this effort.
- **Heavy Bomber Study:** Under Secretary Kaminski released the results of the heavy bomber requirements study to the Congress and press last week. Dr. Kaminski's primary messages were: (1) the planned bomber force can meet the national security requirements of two nearly-simultaneous major regional contingencies; and (2) procuring additional quantities of accurate guided munitions are more cost effective than an additional 20 B-2s. Dr. Kaminski is scheduled to testify on heavy bomber modernization before the House National Security Subcommittee next week.
- **Troops to COPS:** On Tuesday, May 2, the Defense Department and Justice Department announced the "Troops to COPS" program. The program will provide up to \$5,000 in training funds to eligible law enforcement agencies for each veteran hired this year. DoD made \$15 million available to the COPS program to assist with transition efforts and expedite the President's mandate to put 100,000 new police officers on the street.
- **First Woman to Command Sealift Command Ship:** Captain Emigdia Esqueda became the first woman to command a Military Sealift Command ship when she took command of the USNS *Effective*, an ocean surveillance ship, on May 9.

- **New York Travel:** On May 18-19, Secretary Perry will travel to New York to give speeches to the Corps of Cadets at West Point, the New York Council on Foreign Relations, and the Conference of Presidents of American Jewish Organizations. He will also meet with the editorial board of The New York Times.
- **CJCS West Coast Travel:** General Shalikashvili will travel to California and Washington where he will participate in a Los Angeles Times editorial board, town hall meeting, and present the commencement address at Washington State University.

Department of State

- **Meeting with American Businessmen of Hong Kong and Beijing:** Under Secretary Spero and Assistant Secretary Lord met May 10 with members of the American Chambers of Commerce. The members discussed MFN renewal, policies toward Taiwan and Hong Kong, and model business principles. They also endorsed diplomatic relations with Vietnam. Lord said the Administration would aggressively support MFN passage. Spero confirmed the Administration has no interest in mandating universal business principles, but encouraged business to work with the principles.
- **Jerusalem:** Israeli land expropriations and Senator's Dole's proposal to move the Embassy from Tel Aviv have focused attention on the Jerusalem issue. Secretary Christopher issued a public statement and sent a message to key Arab leaders stressing the Administration's opposition to the Dole proposal and urging Arab restraint on the issue. Arab reaction has been highly critical on both counts, even among moderates like Jordan, Morocco and Egypt. On Thursday, May 11, the Security Council had a meeting to discuss the expropriation issue, but the asked for a postponement in order to circulate a draft resolution.
- **Status of Missing American in Chechnya:** The State Department is continuing efforts to find Fred Cuny, the relief expert who disappeared in Chechnya a month ago and whose family met with President in Moscow. An Embassy Moscow officer is en-route to Chechnya to investigate a report that a body fitting Cuny's description has been found in an area still unaffected by fighting. Fighting continues in other parts of the region.
- **Americans Detained in Iraq:** The physical health of Messrs. Barloon and Daliberti appears stable, but both are severely depressed. Their spouses were scheduled to leave Baghdad to return to Kuwait on May 11. Linda Barloon has not repeated her strong criticism of the government of last Saturday, which she admitted to State sprang more from general frustration than dissatisfaction with its policy or efforts. Today, Ambassador Egan met with the spouses in Amman. The U.S. Interests Section, despite forceful protests, continues to be denied access.

- **Cuba:** The first group of 13 rafters rescued under the new policy was returned to Cuba May 9, following two interviews by INS personnel aboard a Coast Guard cutter. Cuban authorities cooperated in allowing U.S. diplomatic personnel and press to monitor the rafters return to their homes, but a Catholic Church representative was turned away. State is closely monitoring complaints by 2 rafters of harassment; complaints have been given broad coverage in Miami. A second group of 9 rafters rescued May 10 likely will return to Cuba on May 12. Criticism of the migration agreement continues and Reps. Menendez (D-NJ) and Deutch (D-FL) denounced the agreement and the Administration on the House floor on May 8. Secretary Christopher met with Menendez, Deutch and Reps. Burton (R-IN), Ros-Lehtinen (R-FL) and Torricelli (D-NJ) at their request. The group urged the Administration to compensate for the agreement's apparent opening to Castro by strong support for the Helms/Burton bill.
- **Germany Halts Iran Oil Project Guarantee:** As a result of the U.S. embargo, the German government told State in confidence May 4 that it decided not to proceed with the DM 100 million export credit guarantee for the South Pars offshore oil field project. Because of the sensitive relationship with Iran, the Germans "froze" the funds rather than cancel the project altogether.
- **US/Mexico Binational Commission (BNC) Meeting:** Most members of the U.S. and Mexican cabinets will participate in the May 16 BNC meeting in Washington. The meeting's 13 working groups include Legal Affairs and Narcotics, Migration, and Trade.
- **Budget:** Senator Domenici's FY1996 mark for the 150 account is \$17.9 billion, a significant cut from the \$21.2 billion requested and surprisingly less than Rep. Kasich's 150 account mark of \$18.293 billion.
- **State Authorization Bill/Consolidation:** The House International Relations Committee reported out legislation that would abolish AID, ACDA, and USIA.
- **Middle East:** Senator Dole introduced legislation May 10 requiring the U.S. Embassy in Israel to be moved from Tel Aviv to Jerusalem by 1999, the end of the interim period of the Israel-PLO Declaration of Principles. The legislation will establish a timetable for construction of the new facility (including ground breaking in 1996).

United States Mission to the United Nations

- **Non-Proliferation Treaty:** On May 11, the Non-Proliferation Treaty Review Conference endorsed indefinite extension of the Non-Proliferation Treaty. This is a major foreign policy victory for the Administration, as it ensures continued international prohibitions against the spread of nuclear weapons.

- **Iraq:** On May 24, Ambassador Albright is scheduled to testify before the Senate Foreign Relations Subcommittee on the Middle East concerning the UN's policy towards Iraq, particularly with respect to the maintenance of tough economic sanctions against that outlaw regime. On May 12, the Security Council conducted its 60-day Iraq sanctions review and the sanctions have been extended for 60 more days.

cc: The Vice President
Leon Panetta
Erskine Bowles
Harold Ickes
George Stephanopoulos
Michael McCurry
Doug Sosnik
Carol Rasco
Mark Gearan
Jack Quinn
Maggie Williams
Alexis Herman

THE PRESIDENT HAS SEEN

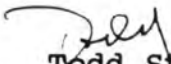
5/16

THE WHITE HOUSE
WASHINGTON

May 15, 1995

MR. PRESIDENT:

These are the attachments to Carol
Browner's memo on Clean Water that you
requested.


Todd Stern

To Don Baer
For future reference
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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

May 4, 1995

THE PRESIDENT HAS SEEN 5/15/95

THE PRESIDENT HAS SEEN 5/16

95 MAY 11 P1:20

MEMORANDUM FOR THE PRESIDENT

THE ADMINISTRATOR

FROM: CAROL M. BROWNER *CMB*

SUBJECT: CLEAN WATER

* Next Wednesday's House of Representatives vote on Clean Water Act reauthorization gives the Administration an important opportunity to underscore the difference between the Democrats' and the Republicans' vision for America. The ~~Republican proposal rolls back 25 years of public health and environmental protection in our nation's waterways to the benefit of wealthy special interests and corporate polluters and at the expense of average Americans.~~ As we discussed at Havre de Grace, Chairman Shuster's (R-PA) staff developed the bill in meetings held with industry lobbyists, from which EPA, public health officials and public interest organizations were excluded.

✓ The Clean Water Act has accomplished dramatic progress: over one billion pounds per year of toxic pollutants are removed from our nation's waters and about 900 million tons per year of sewage are no longer discharged into rivers, lakes and streams. The Republicans' proposal would fundamentally change this strong foundation. The bill would weaken strong standards, would result in the degradation of water quality, would avoid rather than solve the difficult problems of polluted runoff, and would remove most wetlands, including large portions of the Florida Everglades, from federal protection.

I think highlighting this House Committee action would demonstrate clearly for the American public how this Administration is fighting for average Americans. If you are interested in incorporating this message into your coming public events, my staff can provide ideas and information. Attached are a number of editorials and articles from major national and local newspapers discussing the Clean Water Act and the Republican proposals to weaken it.

Attachments

*get their info
to me*



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THE PRESIDENT HAS SEEN
5/14
The New York Times (March 22, 1995)

Industry Helped Draft Clean Water Law

By JOHN H. CUSHMAN Jr.

WASHINGTON, March 21 — When House members introduce their proposed revision of the Clean Water Act on Wednesday, it will contain major new provisions long sought by many of the industries and communities the law regulates.

That is because the bill's sponsors and a committee of lobbyists worked side by side on the bill, inserting one provision after another to satisfy industry groups like the Chemical Manufacturers Association, companies like International Paper, and organizations of the cities and states covered by the law.

That approach has outraged environmental groups, the committee's senior Democratic members and their staffs, and senior officials of the Environmental Protection Agency. They call it an example of special interest influence that is remarkable even in Washington, where power always flows to the connected.

"It is a bill written by Republicans locked away in back rooms with their special interest task forces," said Representative Robert A. Borski of Pennsylvania, the ranking Democrat on the subcommittee that will take the first votes on the bill next week.

He and the ranking Democratic member of the full House Transportation and Infrastructure Committee, Representative Norman Y. Mineta of California, wrote today to the committee chairman, Representative Bud Shuster of Pennsylvania, to complain that "this year's process has been limited almost exclusively to the regulated business community."

Senior officials of the Environmental Protection Agency and a coalition of environmental groups have also objected to being excluded.

But aides to Mr. Shuster, who was traveling in Pennsylvania today, said all of those who complained had been free to offer their views. What really upset these people, the aides said, was that the committee's majority disagrees with them.

Although the new clean water bill faces a grueling debate and many amendments in the months ahead, getting particular provisions into the fine print is the kind of early victory for which every lobbyist yearns. And onlookers and participants said some of the most vitally interested parties scored important gains in the early going on the Clean Water Act.

Mr. Shuster held hearings on an earlier draft of the bill, a version

Special Pleadings

A periodic look at lobbying.

that he and his allies drafted last year when they were in the minority. But he never described the earlier draft as anything but a starting point, and the new version contains many fundamental changes inserted at the recommendation of the advisory group made up of industry representatives and state and local governments that he convened on March 2.

Some of the changes would affect many interest groups, according to committee documents summarizing them. Others are of special interest to one regulated sector or another.

For example, the bill would completely overhaul the existing program that controls what is called storm-water pollution, the kind washed by the rain from from mines, factories and city streets into nearby streams.

The changes, which environmental groups strongly oppose, would make the storm-water program essentially voluntary, abolishing the permits many pollution sources must now have, and limiting the states from imposing standards stricter than those written in Washington.

But some of the changes reflect the long-standing wishes of narrower interests, like the mining, chemical, or paper industries, each of which scored important victories in the fine print.

The Chemical Manufacturers Association won a provision that it had long sought that would define factories as being in "statistical compliance" with their pollution discharge permits, as long as pollution levels were not exceeded with unusual frequency.

And the paper industry won a provision that would require the E.P.A. to give greater weight to cost-benefit and risk calculations when modifying or establishing rules determining which technologies should be relied upon in meeting water quality goals.

The provision would apply to industry in general, but is especially important to the paper industry because the agency is preparing a new package of regulations that would be expected to cost the industry billions of dollars.

An industry coalition that includes paper, chemical and other companies gained a provision that would

significantly restrict a new E.P.A. regulation, issued just last week, governing discharges of toxic pollutants in the Great Lakes region.

The new provision asserts that any such regulation would be nothing more than a "guidance" to states in the region, not something that they would be required to obey.

Each of those provisions was featured in a 68-page memorandum submitted on March 10 to the committee's staff by one of the five panels of lobbyists that offered recommendations on various provisions of the proposed law to the advisory group. The group was headed by Charles W. Ingram, associate manager of environmental policy at the United States Chamber of Commerce, who is also a staff member of a group that calls itself the Clean Water Industry Coalition.

Also participating in the advisory group, according to a committee list, were representatives of the chemical, food, metal finishing, petroleum, steel, mining and paper industries.

Top E.P.A. officials were left scrambling to get even quick glimpses at some of the provisions proposed by the group, and subsequently inserted in the bill.

"We essentially have not been allowed to see it or to be part of the process," said Carol M. Browner, head of the Environmental Protection Agency.

Mrs. Browner and members of environmental advocacy groups said that the process was far different than the approach taken last year in proposing changes to bills like the Superfund and Safe Drinking Water Act. In each case, broad consensus was reached among environmentalists and those regulated by the laws.

But neither of those bills was enacted, and efforts to reach consensus on changes to the Clean Water Act failed from the start last year.

The dispute on the new proposal is, not entirely along party lines; for example, Representative Sherwood Boehlert, a Republican of upstate New York who is the new chairman of the subcommittee that will consider this proposal, does not support the newly drafted bill.

But Mr. Boehlert, a moderate Republican who has already voted against Republican positions on environmental issues this year, said the environmentalists and their allies should not be surprised at losing influence. "Some people don't understand the reality of the new majority," he said. "It certainly did not surprise me."

The New York Times (April 2, 1995)

Bud Shuster's Dirty Water Act

The Republicans have now begun phase two of their campaign to destroy the network of laws developed over 25 years to protect the nation's environment. Until last week, they had attacked by stealth and indirection, using the promise of "regulatory reform" to weaken enforcement of those laws. Phase two is more direct but just as bad.

Last week, the House Subcommittee on Water and Environment approved crippling revisions to the Clean Water Act of 1972. This act has done much to make America's waters fishable and swimmable. Experts in both parties regard it as the most successful of the environmental mandates passed by Congress since Earth Day 1970.

These new provisions blast so many holes in this worthy law that it is hard to know where to begin. Basically, they would demolish the underlying strategy of the original act. The 1972 law conceded that it was impossible to measure the dollar benefits of clean water against the cost of cleaning it up. So, in effect, it instructed industry to use "the best available technology" to control pollution. It was not a perfect answer but it worked.

The new law, by contrast, would postpone any further improvement in water quality unless it can be proved that the benefits — in health, swimmability, fish stocks, whatever — are worth the cost. That means "monetizing" the value of a cleaner environment, a well-nigh impossible process.

The bill would also relax national water quality standards, provide certain industries with further exemptions from whatever pallid laws remain on the books and make voluntary a program that now requires states and cities to control storm-water pollution.

Not least, it would reverse a 25-year effort to preserve diminishing wetlands. Scientists now esti-

mate that there are 100 million acres of wetlands remaining in the United States, doing what wetlands do so well: filtering pollutants and nourishing organisms essential to the food chain. By drastically narrowing the definition of what a wetland is, the bill would make millions of acres available to developers and the oil and gas industry.

In brief, the subcommittee bill will make it much easier for polluters to pollute. But that is no surprise. Polluters wrote the bill.

Congress usually invites testimony from people on all sides of an issue. In this case, Bud Shuster, a Pennsylvania Republican, held what amounted to an open house for the lobbyists and lawyers representing the special interests the 1972 act is designed to regulate. He did not solicit comment from conservationists or from the Environmental Protection Agency, which administers the 1972 act. He let the special interests draft the bill.

Mr. Shuster's bizarre legislative methodology is as appalling as the bill he produced. He seems to believe that the 1994 election gave him and his fellow Republicans a clear mandate to gut the Clean Water Act. If so, he would do well to consult the polls, which suggest that three-fourth of Americans want cleaner water. He might also consult his constituents. Thirty years ago, the streams and waterways in his district were little more than dumps for municipal sewage and industrial wastes. Today they are accessible to fish and to people — largely because of the Clean Water Act.

The House is almost certain to rubber-stamp this bill. The Senate, less beholden to local industrial and municipal interests, may hold a broader view of the national interest. That interest is not served by legislation that stops a quarter-century of progress in its tracks.

Austin American-Statesman (March 26, 1995)

Watt goes around comes around

There's a kind of harmonic convergence in having old James Watt back in the news again. Ronald Reagan's interior secretary (now under indictment on 25 counts related to rip-offs of the Department of Housing and Urban Development) was the dottiest case of setting the fox to guard the hen house of all the famous examples of same during the Reagan era.



MOLLY
NIMS

Watt was so outrageous that many of us kept files of his most charming sayings. He hated the outdoors ("I don't paddle, and I don't walk"), and being a religious fundamentalist, he believed that the Second Coming would occur before mankind used up the Earth's resources, that God had given man dominion over other species and that we had every right to exploit them to death. He compared environmentalists to Nazis and communists. He also thought the Beach Boys were un-American and once dismissed an advisory panel by saying it contained "a black, a woman, two Jews and a cripple."

Ah, the glory days of Jim Watt, when the U.S. Forest Service used to sell off the national forests at below market cost and make the taxpayers pay for the logging roads. Subsidized logging. Mining in the national parks. Oh, the joy of it all. Well, Watt's back, and so are his policies, this time being written into law by the Republicans in Congress.

As we speak, lobbyists for the Chemical Manufacturers Association and International Paper are literally writing the Republican revision of the Clean Water Act. And who better to rewrite the Clean Water Act than major polluters,

you may ask? Jim Watt would certainly think so.

Trouble is, guess who always winds up paying in the end. On Wednesday, William Weld, the Republican governor of Massachusetts, asked President Clinton to declare regional fishing grounds a natural disaster area so that the fishing industry can receive federal aid. Unfortunately, it is not a natural disaster; it's a manmade disaster, the result of overfishing.

In the annals of political folly, the Republican Party's voluntarily giving up the entire environmental issue to Democrats, an issue they had owned since the days of Teddy Roosevelt, will always rank among the major stupidities. Siding with polluters brings the party a lot more campaign contributions in the short run and a lot fewer votes in the long run.

The environmental movement in this country now has a solid record of achievement, despite some notable failures, the nation's air is cleaner than it was 20 years ago (Los Angeles' is markedly improved), and so are its rivers. That much more needs to be done is clear to the meanest intelligence. We not only have hideous pockets of water pollution, but our entire coastal area is under heavy assault. Now is no time to throw the process into reverse.

Under the Republican revision, 70 percent of the marshland now protected will once more be open to exploitation because of tricky little clauses tucked into the bill by lobbyists, according to the Environmental Defense Fund. The original marshland protection act infuriated some citizens by classifying as marshland ground that was under water only a few days a year. It's just like building in a flood plain. If you build your house in a flood plain that's flooded only a couple of days a year, you still lose your

house.

The new "property-rights" groups have politicians so buffaloed that they're forgetting everything we know about marshland; its importance to the coastal food chain cannot be exaggerated. In addition to acting as a natural filter system, the marshes are critical to the shrimp- and fishing industries. One Dead Sea is enough in this world.

Meanwhile, in Texas, the penalty for having elected a governor who doesn't know anything about state government is apparent in George Dubya Bush's decision to withdraw the state's request for federal approval of the Coastal Management Program. Taking bad political advice, George Dubya pulled us out of a program that gives Texas the right to manage its own coasts (this is the man who kept saying, "Texans can run Texas") and would have given us \$2.4 billion in federal money for coastal projects.

Far from adding another layer of bureaucracy to coastal management, the Coastal Management Program is local management, the product of five years of cooperation among the coastal counties. The Legislature passed the law setting up the program's structure when the U.S. Army Corps of Engineers got into a ferocious fight with state and local officials about re-dredging the Houston Ship Channel several years ago. Because we didn't have an approved coastal management program, we had to take whatever the corps decided to shove down our throats.

Don't you just hate it when some guy who doesn't know anything gets it exactly backward because someone thinks there's a good sound bite in it?

Nims is a columnist for the Fort Worth Star-Telegram. Her column appears on Wednesdays and Sundays.

The Baltimore Sun (April 9, 1995)

Polluter's Bill of Rights

Thumbing its nose at good science and common sense, a U.S. House committee has voted to virtually eliminate federal wetlands protection, unless the government pays the landowner. It's an insult to the environment and the national commonweal, a "polluter's bill of rights," as one congressman put it.

Under the pretense of flexibly pruning cumbersome federal regulation, the Republican-engineered measure would repeal significant provisions of the 23-year-old Clean Water Act that has done much to preserve vital wetlands, force major improvements in wastewater treatment and attack nonpoint runoff pollution of the nation's waters.

The ideological hubris of the Republican leadership is exemplified by this action in the House Committee on Transportation and Public Works.

In less than a month, a National Academy of Sciences panel is to deliver the results of its two-year study of wetlands requested by Congress, a study whose conclusions are expected to soundly refute the legislators' deregulation position.

The most important legislative body in the world is sticking its head in the sand," chided Rep. Wayne T. Gishrest, a Republican from Maryland's Eastern Shore who courageously voted against the bill. Committee leaders unabashedly declared that wetlands definition is political, not scientific. Their

proposal would cut off 80 percent of national wetlands from protection, and pay compensation for loss of property values in the rest.

Maryland more than any state cherishes the value of wetlands as water purifier, flood protector and wildlife habitat. It has been a leader in protection of wetlands, both coastal and nontidal, and state law early declared "no net loss" of wetlands as its objective. Despite some landowner complaints, wetlands protection has been a decided advantage for the welfare of Maryland and the bay.

There may be merit in revising some wetlands definitions, as the Clinton administration has proposed. But the science is admittedly complex, not amenable to the simplistic "A-B-C" classifications created by the House committee. Separating "good" wetlands from "bad" wetlands is typically a distinction made by a developer or farmer in self-interest. All of which is sound reason to wait for the NAS report before acting on this measure.

While the bill kicks in money for the Chesapeake Bay program and for sewage treatment plants, it also provides deadline extensions for water cleanup if money is made unavailable by a cost-cutting Congress. That's another bad trade-off for the environment. We urge the full House, and Senate, to tell the committee that its plan is all wet.

Buffalo News (April 3, 1995)

Bum's rush for clean water

House amendments undermine workable law

THE CLEAN Water Act of 1972 has been a good old war horse. By setting national standards for limiting dangerous polluted discharges into waterways, it has produced lots of good news for Americans. It has been the heart of essential efforts for good water quality.

It has translated into streams no longer smelling of sewage, lakes and rivers freed of industrial gunk, safer drinking water, more places to swim and fish — and big recreational businesses based on the water-related activities that Americans love.

In the Buffalo area, the state Department of Environmental Conservation, responsible for implementing the law, reports that the law's programs produced an 80 percent reduction in toxic substances entering the Niagara River by the end of the 1980s. A recheck in 1993-94 showed improvement to 85 percent.

There's room for some more improvement, but the new Republican-controlled House of Representatives is ready to roll the ball in the wrong direction. Fast.

A subcommittee of the House Committee on Transportation and Infrastructure has approved an array of amendments that weaken the law in its current state and undermine efforts to strengthen it.

What folly. Clean drinking water is essential for public health and supports long-term economic benefit.

Among many other things, the House amendments would allow industrial polluters to exceed their limits by buying credits from clean operations; loosen wetlands rules; back away from controlling polluted runoff from streets, farms and developed areas; and change many technical details. Overall, the

law's stress on health and safety would be weakened in favor of cost considerations.

Without adequate deliberations, new toxic pollution standards for the Great Lakes, developed over a six-year period by the U.S. Environmental Protection Agency and the Great Lakes states, would be downgraded to the status of mere "guidance."

Catch the assessment of Carol M. Browner, head of the EPA: "The bill creates loopholes aimed at loosening current requirements, making it difficult to enforce against even egregious polluters. . . . The Clean Water Act is a highly workable and effective statute, and this bill would roll back long-standing public health and environmental protections."

Too much of the bill was actually fashioned by panels of lobbyists for industry without participation by environment groups, the EPA and Democratic committee members. Indeed, Democratic leaders on the committee assert that the "bipartisan cooperation" that marked the committee through the years has been thrown to the winds.

If Congress wants to retool the Clean Water Act in a constructive way, it can restore federal funding for local sewage treatment plants. With 75 percent federal help, Buffalo and many other places built state-of-the-art purification facilities they would have a hard time paying for by themselves.

But the Washington trend is in the other direction. A workable law that has brought great public benefit is getting the bum's rush in the House. Expect the bill to reach the full House in May. The Senate hasn't considered the amendments yet. Let's hope the Senate cares about the old war horse and treats it right.

Detroit Free Press (March 26, 1995)

CLEAN WATER AX

Congress should reconsider dumping of healthy rules

Republican U.S. House members and industry lobbyists have just completed a swift redraft of the federal Clean Water Act, after locking the pesky environmentalists out of the discussion.

Why not? It's so much more efficient that way, and so much more pleasant when you don't have to listen to droning tales of fish with tumors, cormorants with twisted beaks, or eaglets born with club feet on the shores of the Great Lakes.

Reauthorization of the Clean Water Act has been stalled because of the complexity of the act and differences of opinion among business, the green lobby and state and local officials. Now the GOP majority, bumptious with power — but misreading public sentiment again — has decided to ram through a lobbyist-written version of the law that would weaken it substantially.

That the massive compendium of rules known as the Clean Water Act should be pared down and made more sensible is not a bad idea. Throwing out, or refusing to set, basic regulation on such issues as storm-water control, chlorine-laced effluents from the paper industry, or toxic pollution of the Great Lakes is a terrible one.

The Republicans' proposed Not-So-Clean Water Act would bar states from imposing standards stricter than anything that comes out of Washington. It contains a host of fine-print favors for specific industries. But of all the questionable revisions that popped out of the GOP group last week, turning the Great Lakes Initiative from a set of rules into a flabby expression of good intentions is among the worst.

Making the initiative voluntary would scuttle attempts to do anything about the 22 most insidious and bioaccumulative chemicals in the Great Lakes. It would

make it more difficult to move on to limit or control pollution from non-point sources, and more difficult to persuade Canada to do something about its own pollution "hot spots" around the lakes we share.

Something is going on in the Great Lakes that is deeply puzzling and disturbing to researchers. The slower development of infants whose mothers ate a lot of fish from Lake Michigan during pregnancy, the reproductive problems in eagles nesting along the lakes, the deformities that show up in other fish-eating species — all of these are flashing yellow lights going off. They suggest processes at work that need more study, and reasons to be cautious about what is still being dumped into the great freshwater seas.

If Congress throws out the Great Lakes Initiative and other key provisions of the Clean Water Act, it ignores those warnings and imperils the health of the lakes and the millions of people who depend on them. Unless wiser heads prevail, the Great Lakes are in danger of again becoming the gift that was wasted, the treasure abandoned — to our ultimate and infinite regret.



Something is deeply disturbing in lakes.

The Miami Herald (April 9, 1995)

Newt's deal could sell out the Everglades

The new Congress continues to loot America's natural resources on behalf of powerful corporate interests, and one of the gems it's now trying to steal is the Everglades.

A House committee last week approved a drastic rewrite of the 1972 Clean Water Act. If passed, it could strip much of the Everglades of federal protection, opening large tracts to speculators, agriculture and development.

The legislation is typically vague, unscientific and shallow — not surprising, since its secret authors were lobbyists for the special interests that stand to benefit most handsomely.

In its present form, the law would neuter the Environmental Protection Agency, spur irreparable coastal destruction from Alaska to the Chesapeake Bay, and allow companies to dump larger amounts of toxic chemicals into bays and rivers.

Republican ringleaders would have us believe there's a huge public outcry for these changes, when most of the crying is being done by their fat-cat campaign contributors.

There is no mandate from Middle America. Last week a New York Times-CBS News Poll reported that 62 percent of Americans surveyed hadn't even heard anything about the GOP's Contract with America, much less knew what was in it.

That's because it's not a contract with them. It's a contract with the rich and powerful. For proof, look no further than the farcical "middle-class" tax cut passed last week by the House.

An oft-stated mission of the Gingrich Gang is to gut environmental rules that make life a little harder for timber, mining, heavy industry and land development.

Unquestionably, some regulations deserve scrutiny and revision. Two years ago, Congress asked the National Academy of Sciences to study the laws that define and protect wetlands such as the Everglades.

A panel of distinguished scientists is scheduled to publish its findings next month — but suddenly the Republicans don't want to wait. That's because they fear the report will shoot holes in their radical overhaul, and jeopardize its chance of passage.

So, buggy-whipped by worried lobbyists, lawmakers are rushing ahead without the expertise that they themselves requested. Forget the scientific research. Forget the facts. Ram the bill through — before voters smell the rat.

The same sort of sneakery is occurring in Tallahassee, where House Republicans have hatched a law that would allow would-be developers to raze wetlands on the pretense of "saving" them from infestation by exotic melaleuca trees.

Even by pork-chopper standards, it's a cynical hoax, conceived by those seeking to thwart existing water regulations so they can slap up more condos, malls and golf courses.

Average citizens, the so-called little guys for whom the GOP pretends to speak, have not risen in mass to demand the dismantling of anti-pollution laws and conservation safeguards.

Precisely the opposite is true, according to recent polls. People are more worried than ever about threats to air, water and dwindling wild spaces.

That explains the sense of antlike urgency among the Newtites in Congress and their disciples in state government. They're not stupid. They know there's no true grass-roots support for what they're doing.

So the strategy is to mask their dirty work as cost-saving common sense — in this case, "streamlining bureaucracy" — and meanwhile scurry frantically to get the deed done, before there's a public backlash.

It will be revealing to see whether Connie Mack and other Florida Republicans vote to cripple the Clean Water Act. Party loyalty is one thing, but political suicide is another.

And selling off the Everglades is exactly that.

The Palm Beach Post (March 27, 1995)

Toxic brew of conflicts

It isn't news that Republicans in Congress, not Democrats, are writing legislation these days. But is it news if Republicans are writing those proposed laws with the help of industries affected by the laws?

One of the main issues facing Congress this year is a revision of the Clean Water Act. Amid all the "we hate government" yapping, we don't recall hearing too many people calling for unhealthy water. Most of the opponents are organizations, such as the Chemical Manufacturers Association, for whom pollution would be cheaper.

But *The New York Times* reported last week that one of the groups helping House Republicans rewrite clean water laws is . . . the Chemical Manufacturers Association. Essentially, the chemical

makers got a provision that said they could dump more pollution than is legal if they promised not to do it very often. Paper companies got a provision that would exempt them from many new regulations proposed by the Environmental Protection Agency.

During the last 25 years, environmental laws have given us cleaner air, water and rivers. Far fewer of us are dying from cancer caused by careless chemical spraying. No poll has suggested Americans don't like any of that.

These new Republican leaders told Americans to vote for them last November so they could give the country back to the people. Some of those Republicans apparently want that country to have dirtier air, unhealthier water and a greater risk of disease.

St. Louis Post-Dispatch (April 3, 1995)

Muddying The Waters

It is not unusual for a House committee to write a bill based partly on suggestions from interested parties. Environmentalists play this role all the time; so does industry. It is unusual for only the regulated interests to be consulted, while not only environmentalists but the Environmental Protection Agency itself are excluded. Such was the drafting process of HR 961, the House Republicans' first effort to rewrite a specific environmental law.

Rewrite they did, with a vengeance. Gone from the 1972 Clean Water Act are several major provisions basic to its purpose of purifying the nation's waterways. A provision that tightly limits the emission of thousands of chemicals, many of them hazardous, was loosened. The new standard will be cost-benefit analysis, a wonderful device that trivializes future harm to avoid forcing industrial polluters to spend today what they consider too much money.

For instance, the Chemical Manufacturers Association helped write a section that would permit factories to be considered in "statistical compliance" with pollution discharge permits if pollution

levels aren't exceeded "with unusual frequency" — whatever that may mean. A new regulation limiting toxic discharges into the Great Lakes has been made merely advisory. Storm-water pollution, which washes pollutants from factories and city streets into streams and rivers, has essentially been made voluntary. The standards limiting development of wetlands would be completely redefined.

Pennsylvania Republican Bud Shuster, chairman of the House Transportation and Infrastructure Committee, provides the rationale. He says clean-water rules often have imposed "unacceptable costs and regulatory burdens on the public." The EPA, which should have had a say in the bill's drafting, thinks otherwise. One official says the bill will "disrupt the whole standard-setting process." The committee's ranking Democrat, Rep. Norman Y. Mineta of California, asked, "Do you want to roll back the existing limitations on pouring sewage and industrial waste out of a pipe into our rivers, streams and lakes?" The full committee, the full House and then the Senate must ask that question as well.

San Jose Mercury News (April 11, 1995)

Watered down

House Republicans kill laws on pollution and wetlands.

FROM coast to coast Americans are complaining that the water is just too darn clean; the streams, rivers and lakes so irritatingly pristine; the oceans salty, but unsullied.

Maybe not all of us have heard these complaints, but Republicans rewriting the Clean Water Act apparently have better ears. Or maybe that's because they listened primarily to polluters.

Regulations spawned by the Clean Water Act and other environmental laws should be reviewed for effectiveness. But House Republicans preferred clear-cutting to pruning.

The revisions would ease restrictions on industries that currently have to treat their wastes before putting them in sewers. They would hamper efforts to control pollution from so-called non-point sources, such as runoff from streets and fields treated with fertilizers and pesticides.

This bill proves the insincerity of those who say they want only to apply the test of good science to environmen-

tal regulations.

Two years ago, the National Academy of Sciences began a study of wetlands. The Republicans on the committee didn't wait for its findings, due shortly. They redefined wetlands in a way that would eliminate millions of acres from protection.

Their attitude is: When biologists say the nation can't afford to lose any more wetlands, that's not good science, it's meddling.

Rep. Norman Mineta, D-San Jose, the ranking minority member on the committee, fought the good fight. He was steamrollered in committee and the outlook is the same for the House as a whole. Patience. The Senate is more sensible, and this would be a Republican mistake.

The Environmental Protection Agency says 40 percent of the nation's waters are not safe for fishing, swimming and other public uses. Americans don't believe that means the other 60 percent are too clean.

Seattle Post-Intelligencer

Polluters help water down bill

It is alarming to think that groups largely responsible for the polluting of the nation's waters would be intimately involved in writing the legislation that will regulate (relax?) water-quality standards.

But that's precisely what's been going on during the drafting of the Republican House majority's revision of the National Clean Water Act. According to *The New York Times*, "the bill's sponsors and a committee of lobbyists worked side by side on the bill, inserting one provision after another to satisfy industry groups like the Chemical Manufacturers Association, companies like International Paper, and organizations of the cities and states covered by the law."

Rep. Norman Y. Mineta of California, the ranking Democratic member of the full House Transportation and Infrastructure Committee, says that "this year's process has been limited almost exclusively to the regulated business community."

And what of the Environmental Protection Agency, the federal

agency empowered to enforce the regulations? "We essentially have not been allowed to see it or to be part of the process," says Carol Browner, head of the EPA.

The bill would make the Clean Water Act's storm-water program essentially voluntary, abolishing permits many pollution sources must now have, and limiting states from imposing standards stricter than those written in D.C.

The Chemical Manufacturers Association brokered a deal in which factories would be defined as being in "statistical compliance" with pollution-discharge permits, as long as pollution levels were not exceeded "with unusual frequency."

The paper industry managed a provision that could allow it to duck a whole new package of regulations already being prepared by the EPA, regulations that had been expected to cost the industry billions of dollars.

Those changes may be good for the special interests but they are of questionable value for U.S. consumers.

Federal legislation threatens to delay drive to keep sewage off beaches

Amendments to Clean Water Act may hurt effort to stop overflows

Continued from Page One

Frankie and Molinari expressed concern about the bill's impact on a court order under which New York City agreed to spend between \$2 billion and \$3 billion to construct huge retention tanks to contain overflows.

The court order calls for the project to be completed by 2006, a deadline that would be extended by five years if more under the bill. The bill

also would allow New York to pay for this extension if it can show financial hardship.

Frankie, who supports most of the bill's other provisions, said he is concerned that the measure essentially gives the states the power to grant financial hardship extensions to cities within their borders.

In other words, Mayor Rudolph Giuliani said to Gov. George Pataki and says "I need an extension of this deadline. It shouldn't be that easy," Frankie said. He said he and Molinari

hoped to amend the bill to prohibit extension of the deadline without the approval of the EPA and the government of adjacent states.

Frankie said New York City was an "unintended beneficiary" of a provision that said the bill at the request of Rep.

Peter Blute (R-Mass.) to the flexibility to Fall River, Mass., which could meet its own set of court-ordered sewer overflow deadlines.

"This wasn't even supposed to affect the New York coastal areas and we're hoping to be able to block it,"

have a fighting chance," Frankie said.

Even with the amendment, contemplated by Frankie and Molinari, environmentalists and others believe the bill will stall a series of sewer overflow regulations not included in the court order.

There are 730 points at which sewage can be discharged into the New York-New Jersey Harbor regions, including 460 in New York City and 248 in 22 New Jersey municipalities. The rest are in Yonkers and Westchester County.

Elaine Makamura, a spokeswoman for the state Department of Environmental Protection, said sewer overflows have been the major contributor to floating sewer debris, so-called floatables, in the waters off New Jersey.

"New Jersey has not had a beach closing as a result of these floatables in the last four years," Makamura said, declining to speculate on what impact the pending legislation might have on that record.

In the summer of 1987 and 1988, New Jersey's tourist economy was devastated by slicks of garbage and sewage waste, including medical waste, that forced beach closings. Many of the Clean Water Act's toughest ocean pollution provisions resulted from those incidents.

Ginny Zipt, executive director of New Jersey Clean Ocean Action, said the higher overflow language will mean "definite regression, definite backsliding on the progress we have made."

"What it means is fecal matter, chemicals, tarpoons and garbage slicks back in the ocean and our beaches," Zipt said.

"The beauty of the old Clean Water Act was that improvements were being made all along. They were being made slowly, but improvements were being made and the waters were becoming fishable and swimmable as the law was being implemented," she added.

Rep. Frank Pallone (D-Gib. Dist.), who represents the Shore area most directly affected by sewer overflows, agreed that New York and other states are not going to continue fighting sewer overflows without pressure from the federal government.

"If they are not under any federal obligation, why in the world would they spend billions of dollars? If you want them to get out of the goodness of their heart, you better think again," Pallone said.

Legislation threatens clean beaches effort

By J. SCOTTON

Star-Ledger Washington Bureau

WASHINGTON—Legislation aimed at protecting New Jersey beaches from raw sewage and floating trash would be put on hold for at least 15 years under a bill headed for final action in the House.

For New Jersey's beaches, the legislation could mean the continued washup of debris flushed down millions of toilets in New York City, northern New Jersey and elsewhere.

"We have spent a fortune in trying to avoid this," said Rep. Robert Menendez (D-19th Dist.), a member of the House Transportation and Infrastructure Committee that considered the bill yesterday.

"I just find it amazing that this issue and other issues are really being reopened. This is bringing us back to the environmental stone age," Menendez said.

The bill, a rewrite of the Clean Water Act, includes a provision that would prevent the Environmental Protection Agency (EPA) and the states from ordering sewage authorities to stop the phenomenon known as combined sewer overflows for at least 15 years.

In older systems, like those in New York City and some North Jersey municipalities, storm sewers and sanitary sewers share a common pipe that overflows during heavy rains. The result is a discharge of raw sewage into nearby waterways.

Robert Perciasepe, the EPA's assistant administrator for water, said in a letter to the House committee that the bill "may freeze much of the progress that cities are now making in addressing combined sewer and separate sanitary sewer overflows."

"This kind of delay is unacceptable when many Americans still run the risk of being splashed with raw sewage by passing cars as they walk to work or wait at bus stops during rainy weather," Perciasepe wrote.

Two Republican members of the committee, Reps. Robert Franks (R-7th Dist.) and Susan Molinari, who represents Staten Island, were scrambling late yesterday to amend the package to

The Washington Post (April 26, 1995)

What About Clean Water?

THE FEDERAL government has been trying for more than 20 years to reduce pollution of U.S. waters. Substantial progress has been made, but in part because the population continues to grow and to be concentrated near bodies of water, the problem is anything but solved. A House committee has nonetheless just approved a major weakening of current law on grounds that the regulation of pollution has become more burdensome than the pollution itself. The likely effect would be to halt most further progress or make it harder to achieve.

Make no mistake, there are genuine problems with some parts of the clean water act. Some of its provisions are too prescriptive. They fail to pay sufficient attention to cost or local circumstance and/or fail to distinguish as clearly as they should between major and minor threats to water quality. These can impose crippling costs on businesses and local governments for relatively minor reasons. They have been the source of argument for some time and ought to be fixed. But in too many cases this legislation would not for them; it would in effect dismantle the underlying law. The dispute is thus not between those who want the clean water act's weaknesses to be reformed and those who don't. It's between those who don't want it completely junked and those who do.

Most clean water progress to date has been in curbing industrial and municipal pollution by limiting factory discharges while giving localities grants to build better sewage treatment plants. Much of the pollution that remains is of a different kind more difficult to control, not effluent from a particular source or pipe but generalized agricultural and metropolitan runoff. To

reduce it, thousands of people across entire drainage areas must be persuaded to make changes, not all of them minor, in how and where they farm or operate their businesses and live.

A program exists whereby volunteering states are given grants to plan such complex efforts. The administration proposed last year to tighten up the process by requiring that plans begin to take effect within about 10 years and include enforcement provisions. The committee bill instead would soften and stretch the process out, and while it would authorize extra funds both to draw up plans and begin to put them into effect, it isn't clear that these would be appropriated. Failure to appropriate would become grounds for stretching the process out even further. A special program for developing enforceable plans in heavily impacted coastal zones would meanwhile be repealed for no good cause, as would a so-called storm water program for controlling urban runoff. The storm water program hasn't been thought through, particularly in its application to smaller communities, but the answer ought not be to abolish it.

The bill would also sharply reduce federal jurisdiction over wetlands, while requiring compensation of wetlands owners if federal regulation reduced the value of their property by more than 20 percent. That's the wrong kind of standard for deciding when compensation should be paid. The wetlands rules ought to be based on careful science; these are not. They ought to be drawn so that truly small property holders and owners of trifling wetlands aren't much bothered. If that were all that this legislation bill did, it would be fine; but it does much more. The Senate should shunt the bill aside if the House will not.

The Washington Post (April 22, 1995)

Clinton Issues Broadside on Environment

President Takes Aim At GOP Legislation

By Ann Devroy
Washington Post Staff Writer

President Clinton yesterday issued a broadside against Republicans for "allowing lobbyists to rewrite our environmental laws" to the benefit of polluters and vowed to fight legislation he warned would erase two decades of environmental gains.

Clinton, who has disappointed some environmental groups for not displaying the same environmental zeal of Vice President Gore, used an Earth Day speech in Havre de Grace, Md., to show the environmental flag. He labeled three pieces of Republican-sponsored legislation unacceptable and said they must be fixed to gain his approval.

In the first 100 days of its session, the House approved legislation designed to put new limits on some environmental laws as part of the GOP "Contract With America." They include a "risk assessment" statute that puts new limits on the ability of the federal government, particularly the EPA, to regulate industry; the "takings" bill, which increases the circumstances under which the government has to compensate property owners when federal government actions adversely affect their property values; and a moratorium on new federal regulations until the end of the year.

The Senate has passed a version acceptable to the White House that would give Congress 45 days to consider regulations before they take effect.

On the "takings" legislation, Clinton said the law was not about preventing the government from taking property without compensation, a right already enshrined in law. Instead, he said, the legislation "is about making taxpayers pay polluters not to pollute . . . about making the

government pay out billions of dollars every time it acts to protect the public."

He noted that the proposal had been defeated in all 20 states where it has been on the ballot as a state issue, including some conservative Republican-dominated states, and said he would cast a vote against the proposal as well.

"The president will vote . . . and the president will vote no," Clinton told a crowd of about 300, including Maryland Gov. Parris N. Glendening (D), gathered at a Chesapeake Bay waterfront park with a whitewashed lighthouse as a backdrop.

Before Clinton spoke, Paul E. Tsongas, the former Democratic senator from Massachusetts who was one of Clinton's 1992 primary opponents, questioned the failure of the White House to firmly "draw a line in the sand" against the takings proposals.

Tsongas said the president was missing a key political opportunity to exploit the "serious strategic mistake" that Senate Majority Leader Robert J. Dole (R-Kan.) made in joining Sen. Phil Gramm (R-Tex.) in co-sponsoring such legislation. Both are seeking the GOP presidential nomination.

Administration officials said Gore had made the same argument inside the administration and, as one official put it, "has lobbied nonstop for a more aggressive counterattack" on environmental legislation. Some officials described Gore as engaging in spirited internal arguments over environmental issues, an area where Clinton has not been aggressive.

Yesterday, Clinton confronted the Republicans on the three major pieces of the GOP contract but did not expand into other areas that face stiff tests in Congress the next year: the Endangered Species Act, the Superfund and the Clean Water Act.

Addressing the risk assessment legislation, Clinton said, the administration would support "a reasonable bipartisan bill" that compels the government to pay "more careful attention to the costs and benefits" of potential action. But he said the House GOP bill would require "every agency

of our government . . . to go through an expensive and time-consuming process every time they want to move a muscle."

The legislation, he said, has the result of overriding "every health and safety standard on the books" because of risk assessments and "says rather than our children's health, money will always be the bottom line."

Clinton blamed big business and their lobbyists for the legislation. "Lobbyists from the big companies thought up these bills" and have been given a direct role by the Republicans in drafting legislation that exceeds any role they have had "in my lifetime," he said.

The president cited newspaper stories about lobbyists directly writing legislation, rather than offering suggestions, and writing the speeches legislators have given in favor of the legislation lobbyists helped write.

"On this Earth Day," Clinton said, "let me pledge we will not allow lobbyists to rewrite our environmental laws in ways that benefit polluters and hurt our families, our children and our future."

Clinton mixed his attack on GOP proposals with an appeal to return to the bipartisanship that has produced much of the nation's environmental legislation.

"For a quarter century now, Americans have stood as one to say no to dirty air, toxic food and poisoned water," he said, pointing to the Chesapeake cleanup as an example.

"They couldn't have done it without bipartisan lines of defense . . . all forged by Democrats and Republicans, by presidents and Congresses working together. It would be crazy to throw the gains we have made in health and safety away, or to forget the lessons of the last 25 years."



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M. Larry Lawrence

THE PRESIDENT HAS SEEN

5/16

Ambassador of the United States of America

Bern, Switzerland

April 26, 1995

*Heckler
Sumner
M. T. T. T.
P.O.C.*

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500-2000

Dear Mr. President:

Shelia and I want to once again express our appreciation for your visit to our home in Georgetown.

We know that in addition to our friendship, you were indicating your concern over my health. I thought you should know that while we were in Washington I was placed on an experimental medication by Dr. Lawrence Lessin at the Washington Hospital Cancer Center. The medication is called anagrelide and was developed by Mayo Clinic. I am one of the few persons fortunate to be in the experimental trials.

It wasn't easy for the first few weeks but thanks to my devoted wife I made it through them and now my condition seems stable. Shelia gives me shots every day or two and my weight and energy are way up.

I have been working every day and our list of accomplishments in what was previously a very quiet post grows weekly. We are concluding the "C" permit which Americans have tried to get for over 15 years to give them equal footing with the European Community in the work place. On May 22nd, with Ron Brown present, we will open the new America Geneva Center, the first full service commercial, informational and consular combination in the world; all at no increased cost to the American taxpayer, being staffed by volunteers, and supported by the business community. We also are finalizing our new tax treaty; an open skies civil aviation agreement; and new non-proliferation accords among numerous others.

We are very concerned about the election, particularly about both you and Hillary. Shelia has accomplished in her young life what few have in politics. She did the western states for Gary Hart and then went east for Al Gore. We both subsequently did a few very large events for Dukakis. And, of course she was one of your earliest supporters when she committed to you in the summer of 1991. Her results in your favor in an area larger in population than most states, that had not voted for a Democratic president since 1944, I believe was truly remarkable.

As you know I have been in every presidential campaign following my participation as head of youth for Stevenson for Governor of Illinois in 1948. The next Democratic convention will be my twelfth. And while I might be mistaken, as I tried to convey on our San Jose trip, there are few Democrats who know Pete Wilson as do I.

We will do anything we can for your re-election, financially or participatory. If we can participate it would be desirable if Shelia and I were in the same physical location, preferably Washington--although she and I on occasion could travel west and to other areas. We haven't heard about Shelia's West Strategy and hope you feel it contains some worthwhile information. If this appeals to you we would consider returning sometime toward the end of the year as long as the proper arrangements can be accommodated. You can be assured of our loyalty; we will not jump ship no matter the polls, and we will not use our relationship for any advantage to ourselves, as others have done. We would not expect any compensation for our time and effort, only to participate where we could have input and respect.

We hope you both will consider this idea and we would be available to discuss it further with you at your convenience.

We both send our love and hope you will use Crown Manor this summer.

Cordially,



M. Larry Lawrence

P.S. As an aside, I have known Chuck Manatt since 1966. As President of the San Fernando Bar Association, California Bankers Association, State Chairman of the California Democratic Party, and DNC National Chairman. Prior to that as Head of the Iowa 4-H Clubs. He is smart, capable and, I believe, would also like to help. The one problem is, I believe, some old history between Chuck and Mickey Kantor when Mickey was a partner in his firm. Something you easily could resolve. He would be a great campaign manager or deputy campaign manager.

 MLL



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN
5/16

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

95 MAY 12 P7:35

FROM: Alice M. Rivlin *AMR*
RE: Kasich's Budget Resolution
DATE: May 12, 1995

Overview

The budget resolution that House Budget Chairman Kasich released yesterday is designed to balance the budget by 2002 with \$757 billion in savings over 7 years -- \$501 billion in net programmatic changes and \$256 billion in interest savings, compared to Domenici's \$806 billion in programmatic changes and \$155 billion in interest savings.

Interest savings comprise 34 percent of Kasich's savings, compared to 16 percent of Domenici's. Kasich's interest savings are higher because he assumes revenues generated from higher real growth and lower interest rates that he claims will result from his deficit reduction -- two forms of "dynamic scoring" to finance his tax cut. Domenici also uses dynamic scoring to pay for a tax cut, but his budget requires that CBO certify that his plan will generate a balanced budget by 2002 before such savings are scored.

Like Domenici, Kasich would cut Medicare, Medicaid, other entitlements such as farm and veterans' programs, and discretionary spending (although the scoring of some discretionary cuts is questionable). Unlike Domenici, Kasich also includes a \$345 billion tax cut, about 17 percent of which is offset by selected tax increases (e.g., \$30 billion in alleged reductions in "corporate welfare" tax benefits) and dynamic scoring.

Domenici reaches balance in 2002 with a relatively smooth path of deficit reduction. Kasich has much less savings in the near term, and backloads the bulk of savings in 2001 and 2002; programmatically, that path would be very hard to achieve.

Kasich's cuts in Medicare and Medicaid account for 45 percent of his total savings. Unlike Domenici (who provided few details on specific proposals), Kasich offers three options to achieve his Medicare savings. He also provides line-by-line

detail of cuts in non-defense discretionary programs.

Kasich proposes to save \$757 billion (\$1.04 trillion in savings, minus \$287 billion in net tax cuts) in the following ways:

- \$282 billion from Medicare;
- \$187 billion from Medicaid;
- \$219 billion from other entitlements;
- \$192 billion from non-defense discretionary (as measured from a 1995 freeze extended through 2002; defense is increased by \$43 billion relative to the Clinton defense program); and
- \$256 billion from reduced debt service.

The following is a more detailed analysis of what the cuts mean in the major programmatic categories:

I. Medicare -- \$282 billion

The \$282 billion in savings amounts to a 27 percent cut in year 2002, compared to CBO's baseline.

Kasich assumes an annual growth rate of 4.7 percent over 7 years, far below CBO's baseline of 9.8 percent and Domenici's target of 7.2 percent. Kasich's projected growth rates fluctuate, falling from 9.9 percent in 1996 to 2.7 percent in 2000, then rising to 4.5 in 2002. Because beneficiary growth is projected at 1.3 percent and general inflation at 3.3 percent over the 7 years (totalling 4.6 percent), a growth rate of 2.7 percent in 2000 amounts to a severe reduction.

Kasich provides 3 plans, or options, to reach the savings. To varying degrees, all 3 envision that Medicare beneficiaries will receive vouchers with which to purchase care in the private market. All 3 would mean higher beneficiary cost-sharing and lower payments to providers.

- Plan A: This plan increases cost-sharing, cuts payments to providers, and aggressively encourages beneficiaries to choose managed care. Kasich indicates that Medicare would ultimately be converted to a voucher system, though he provides no details.

- Plan B: This plan does not give beneficiaries the choice of remaining with the current Medicare program. Rather, it would transform Medicare into a mandatory voucher program, with the value of the voucher adjusted based on beneficiaries' age, gender, geographic location, and disability status.
- Plan C: This is a little bit of Plans A and B. It combines Medicare cuts in the early years with an eventual transition to vouchers. If sufficient savings do not materialize in any one year, however, another set of broad-based proposals would take effect.

By way of contrast, Domenici would cut Medicare \$256 billion over 7 years, while your 1996 budget includes \$28.3 in savings over 7 years. In your Health Security Act, 7-year savings equaled \$223 billion, through such proposals as high cost medical staffs, competitive bidding for clinical labs, and a hospital market basket reduction.

II. Medicaid -- \$187 billion

Kasich's Medicaid cuts are slightly greater than Domenici's and imply a 30 percent cut in 2002 off the CBO baseline, generated by limiting growth to an average annual rate of 4.2 percent, compared to CBO's projected growth rate of 10.2 percent. By way of contrast, Domenici calls for \$175 billion in savings, generated by limiting the average annual growth rate to 4.5 percent.

An average growth rate of 4.2 percent would allow for recipient growth, which CBO projects at 3 percent over 7 years, with little room for increases in medical costs or utilization. Alternatively, if Medicaid leaves room for inflation, which CBO projects at 3.2 percent over 7 years, it would leave room for very few new eligibles.

Kasich proposes to block grant Medicaid and restrain the growth in Federal payments to 8 percent in 1996, 5.5 percent in 1997, and 4 percent thereafter. Presumably, States would have to continue to match the Federal block grant dollars.

Recognizing the distributional inequities among States that would arise, Kasich proposes a few alternative methods for distributing funds. One is to use States' 1995 funding levels on an interim basis and establish a commission to make recommendations on distribution. This new distribution formula would be implemented in 1998.

But Kasich does not address plenty of other problems. With a fixed Federal contribution, especially at the proposed level, Medicaid may not serve as a safety

net during a recession. States' abilities to manage a program with an annual cap vary considerably. States may have to shift resources from the AFDC-related population to the aged and disabled population, because the latter is growing faster and has higher per-capita costs. On the other hand, Federal liability for Medicaid spending would be capped and predictable and States would receive great flexibility to determine eligibility, benefits, reimbursement levels, and delivery systems.

The savings could mean deep cuts in eligibility, benefits, and payments to doctors, hospitals, nursing homes, and other providers. If Federal Medicaid spending were cut \$160 billion to \$190 billion over 7 years, and those cuts were split evenly among eliminating eligibility for elderly and disabled beneficiaries, eliminating eligibility for children, cutting services, and cutting provider payments, then in the year 2002:

- 5-7 million children would lose coverage;
- 800,000 to 1 million elderly and disabled would lose coverage;
- all 45 million beneficiaries would lose benefits: all preventive and diagnostic screening services for children, home health care, and hospice services would be eliminated -- and, if \$190 billion were cut, dental care as well; and
- already low payments to providers would be cut by \$10.7 to \$12.8 billion.

III. Other Entitlements -- \$219 billion

Welfare:

Kasich assumes the House-passed welfare reform bill that cuts and caps Food Stamps, and cuts and block grants AFDC, JOBS, Child Nutrition Programs (including WIC), Child Protective Services, and child care programs. CBO estimates 5-year savings at \$62 billion.

- AFDC and JOBS: Poor families may face benefit cuts of up to 14 percent of their AFDC payment and drop further below the poverty level because capped spending levels will not cover current benefits. People in States with economic downturns or recessions could lose even more help as more job losers join the welfare rolls and compete for the same fixed dollars. The cut assumed in Domenici's plan is not clear.

- Child Protective Services, including Foster Care and Adoption Assistance: Kasich block grants these programs, cutting their funding \$2 billion over five years. HHS estimates that cuts in 2000 equal the amount needed to fund over 110,000 foster care slots. Domenici assumes similar cuts, but retains entitlement status for maintenance assistance payments, which is preferable.
- Food Stamps: USDA estimates that Kasich cuts Food Stamps \$18 billion over 5 years. (The gross cut is \$23 billion, but AFDC and SSI cuts would raise Food Stamp costs by \$5 billion.) More than 2 million recipients would lose all benefits, and almost all of the other 25 million people -- including 14 million children and 2 million elderly -- would receive fewer benefits. Domenici assumes \$17-18 billion in Food Stamp cuts, but we do not know whether that is a gross number or is net of the effects of AFDC and SSI cuts.
- School Lunch: Kasich assumes a School-based Nutrition block grant that cuts \$1.3 billion over 5 years and eliminates national mandatory nutrition standards for school meals. Cuts to School Lunch and Breakfast could force schools to lower the quality of meals, charge poor children who now receive free meals, or raise rates to children who pay reduced and "full" prices. Domenici did not propose any changes to school meal programs.
- Other Child Nutrition programs and WIC: Kasich includes a Family Nutrition block grant that is slightly higher than that included in the House welfare bill. We do not know if this reflects an increase in funding, or an inclusion of more programs in the block grant. USDA estimates that the House bill cuts \$5.3 billion over 5 years and eliminates meals served in 185,000 family day care homes. As many as 200,000 WIC recipients might lose benefits at the beginning of fiscal 1996. Domenici cut reimbursements to Family Day Care Homes, but added \$275 million to WIC in 1996.
- SSI: Kasich reduces SSI spending by \$20 billion over 5 years. Of that, \$13 billion comes from removing over 220,000 children and adults from SSI due to tightened eligibility standards for children and for adults with substance abuse problems. The other \$7 billion comes from reduced eligibility for immigrants. We do not know much about the SSI policies that Domenici assumed.
- Child Care: Kasich consolidates seven child care programs and cuts funding \$1.6 billion over 5 years. Among the consolidations, two open-ended entitlement programs are capped. Some 320,000 children would lose child care assistance in 2000.

Farm Programs

Kasich claims mandatory cuts of \$18 billion over 7 years, but provides no details.

Earned Income Tax Credit:

Contrary to Domenici, who assumed \$21 billion in EITC cuts over 7 years, Kasich did not explicitly assume any cuts.

Student Loans:



Kasich would save \$19 billion over 7 years by ending the in-school interest exemption for 4 million students each year. This proposal could severely reduce college access; two-thirds of all Stafford borrowers are from families that earn less than \$30,000. For a four-year undergraduate who borrowed the maximum amount (\$17,125) at the maximum statutory interest rate (8.25 percent), Kasich's proposal would increase costs by \$3,150 -- or 18 percent.

Vocational Rehabilitation:

Kasich incorporates draft legislation to consolidate over 80 job programs into four or more block grants to the States. Funding for vocational rehabilitation for the disabled would not be cut.

Trade Adjustment Assistance:

Kasich would end TAA and NAFTA transitional adjustment assistance, denying training and income support to 30,000 trade-displaced workers.

Elimination of Extended Unemployment Benefits:

Kasich would end the stand-by Extended Benefits program, eliminating one of the safety nets that kicks in when unemployment in a State is high and rising.

Civil Service Retirement:

Kasich would change the computation of annuities for new civilian retirees to the high-5 years of salary, rather than the current high 3. Kasich's savings, including almost \$1.3 billion in 1996 alone, appear wildly overstated; we estimate total savings of \$1.2 billion for 1996-2002 for Domenici's similar proposal. Kasich's savings suggest he is including an

additional, unspecified proposal.

Kasich would increase civilian employee contributions to retirement by 2.5 percent over a 3-year period, saving an estimated \$12.7 billion through 2002. He also would increase agency CSRS retirement contributions by 3 percent and decrease FERS by 2.5 percent, saving an estimated \$14.9 billion through 2002 (way above CBO's previous estimate of \$0.6 billion of savings for the first 5 years of this proposal). Domenici has no such proposals.

Veterans:

Kasich would cut VA mandatory spending by \$4.3 billion over 5 years, by:

- Adopting the OBRA provisions in your budget, saving \$2.7 billion over 5 years. His savings are lower than yours, however, because two of his provisions apparently are for just one year, rather than the five in your budget;
- Increasing the co-payment for prescription drugs, saving \$0.7 billion over 5 years; and
- Limiting compensation payments for mentally incompetent veterans with estates over \$25,000, saving \$0.9 billion over 5 years. This provision was part of OBRA 1990, but was allowed to expire because of strong opposition from veterans' service organizations.

IV. Non-defense discretionary spending -- \$192 billion

Corporation for National and Community Service

Kasich would eliminate the Corporation for National and Community Service, killing your national service program. In 1996 alone, over 47,000 young people would lose the opportunity to serve their communities as AmeriCorps Members and earn an education award; over 300,00 such young people would lose these opportunities over 7 years. Also affected would be an estimated 550,000 school children through the Corporation's Learn and Serve program, VISTA volunteers who serve as part of AmeriCorps, and nearly half a million senior citizens serving in the Retired Senior Volunteer Program, Foster Grandparent Program and Senior Companion Program.

Education

- Kasich would eliminate Goals 2000 and end Federal support for efforts underway in 47 States and hundreds of communities to raise academic standards and implement comprehensive school reform. Kasich eliminates funds that would help about 16,000 schools annually raise student academic achievement. Domenici does not explicitly eliminate Goals 2000 but, under his plan, it could be eliminated or cut by 20 percent or more.
- While Domenici would protect Title I by freezing funding at the 1995 enacted level, Kasich would cut Title I by \$730 million in 1996 and over \$5 billion over 7 years. The cuts would mean that over 700,000 educationally disadvantaged children in some of our poorest communities would be denied the extra instruction they need to achieve the same high academic standards as other children.
- By not identifying specific reductions, Kasich appears to protect Special Education programs. Domenici specifically protected them by freezing funding at the 1995 enacted level.
- Kasich would eliminate virtually all Education programs that provide direct Federal funding or leverage private money for technology in public schools. Domenici's plan could cut 20 percent or more for these programs.
- Kasich would consolidate and block grant funding for Safe and Drug-Free Schools, ESEA Title VI, and Eisenhower Professional Development, cutting funding for them by 30 percent off the 1995 enacted level. The block grant could end funding for Safe and Drug-Free Schools, which serves 39 million students in 94 percent of school districts. Domenici does not list this program, leaving it open for elimination or at least cuts of 20 percent or more.
- Kasich would end assistance to States and school districts that provide services to nearly 650,000 limited-English-proficient children who need special help to master English and reach the same high standards as other children. He also would end assistance to States that help school districts pay the costs of educating some 800,000 recently-arrived immigrant students.

Head Start

Kasich would cut Head Start \$209 million below the 1995 enacted level,

denying services to up to 100,000 children in 1996. Domenici would freeze Head Start at the 1995 level. Local Head Start programs would have to choose between cutting quality and children.

Training and Employment Programs

Kasich's budget calls for a "block and cut" strategy for the Labor Department's training and employment programs, cutting a cumulative 20 percent off the 1995 enacted level.

- **Summer Jobs:** Assuming that Kasich's block grant continues to spare the Summer Jobs program from elimination, a 20 percent cut would wipe out 141,000 jobs in the Summer of 1996.
- **School-to-Work Opportunities:** Kasich cuts your initiative by half, from \$400 million to \$200 million (including both DOL and ED funding). A cut of this size would eliminate any progress toward reaching your goal of giving all States implementation grants in 1997.
- **One-Stop Career Centers:** Kasich cuts this program to \$96 million in 1996, less than half of your \$200 million request. Over 5 years, this cut would total \$370 million, significantly slowing the nation-wide buildup of One-Stop Career Centers.

Natural Resources and the Environment

Kasich would cut funding by 15 percent compared to the 1995 enacted level. As with Domenici, Kasich would eliminate your proposed 1996 increases.

Transportation

 Kasich would terminate the Interstate Commerce Commission, consolidate transportation programs, and eliminate highway demonstration programs -- similar to what you proposed. He also would phase out operating assistance for Amtrak and mass transit, likely bankrupting Amtrak and reducing bus and transit services in smaller cities. He would privatize FAA's air traffic control services.

Housing

Kasich reduces outlays by \$0.9 billion in 1996, relative to the 1995 enacted level. A cut of this size requires either increases in the rents paid by low-

income assisted households or cuts in the number of households who receive assistance. Kasich assumes both, according to House Budget Committee staff.

Community Development Financial Institutions (CDFI) Fund

Kasich proposes to cut \$125 million from the CDFI Fund each year from 1996 through 2002.

Low Income Home Energy Assistance Program (LIHEAP)

Kasich ends LIHEAP, denying heating assistance to 5.6 million households. We do not know whether Domenici's plan includes assumptions about LIHEAP.

International Affairs

Kasich provides \$18.3 billion, more than Domenici's \$17.9 billion but 15 percent less than your budget. Because large portions of international affairs spending probably will not face cuts -- e.g., \$5.3 billion for Middle East assistance -- a few large programs will absorb deep cuts. Of what we know, Kasich would:

- end U.S. contributions for World Bank lending to the poorest countries, now \$1.25 billion, possibly leading other countries to back out as well,
- cut bilateral development aid to the same countries, now \$2.1 billion, by 50 percent,
- phase out the \$1.2 billion in aid to Eastern Europe and the former Soviet Union, but without saying how quickly,
- limit contributions to UN peacekeeping by an unspecified amount, and
- achieve unspecified savings by a "complete restructuring" of State and the other major foreign affairs agencies, without providing details on the reorganization.

Veterans Affairs

Kasich would cut VA's budget by \$300 million in 1996 and \$4 billion from 1997 to 2000.

Commerce

Kasich, like Domenici, would eliminate the Commerce Department, saving \$6.1 billion over 5 years, \$9.8 billion over 7. Like the Senate plan, Kasich's maintains roughly two-thirds of DOC (e.g., Patent and Trademark Office, Census Bureau, National Oceanic and Atmospheric Administration, and parts of the Bureau of Export Administration) by transferring them to other agencies.

Specifically, Kasich would:

- eliminate the National Institute of Standards and Technology -- including the Advanced Technology Program and the Manufacturing Extension Partnership;
- eliminate Commerce's promotion efforts that have helped U.S. companies capture \$25 billion in foreign contracts through in 1993 and 1994; and
- eliminate the Economic Development Administration and Minority Business Development Agency.

OPM

In a proposal similar to Domenici's, Kasich would transfer certain OPM responsibilities to other agencies.

National Endowments for the Arts and Humanities

Kasich would eliminate all federal funding for NEA and NEH.

V. Defense Discretionary -- + \$43 billion

Acquisition

Kasich would cut the Defense acquisition workforce by 10 percent, or about 42,000 positions. Using a narrower definition of that workforce, your budget included a cut of about 18,000 from the acquisition workforce of 94,000 by 2001. Kasich's reductions come on top of cuts in your budget.

Other Defense

Kasich would increase 1996 discretionary funding for National Defense

budget authority by \$9.7 billion, from \$258.3 billion in your request to \$268 billion. 1996 outlays would increase by \$3.8 billion, from \$262.2 billion in your request to \$266 billion. Over 1996-2000 period, discretionary National Defense budget authority would rise by \$70.3 billion, and outlays would rise by \$46.7 billion. Kasich provides no programmatic details to support these increases.

THE PRESIDENT HAS SEEN
5/16/95

Tony Lauer / cc UP / DBail
interview / Be

MONTHLY REPORT TO THE SENATE
OF SENATOR PAUL SIMON:
FOREIGN AID AND FAMILY VALUES
March 31, 1995

[MR. SIMON:] Mr. President:

After I announced I would not seek reelection to the Senate, President Clinton called me and suggested that periodically I should make comments about issues, on the assumption that someone who will not again be a candidate for public office could speak without having the onus of public gain associated with the remarks. This is the second in a series of observations in response to the President's suggestion.

We have heard a great deal about "family values" during the recent political season. There are few Americans who do not recognize the virtues of family values and treasure them. However, in no other nation do political leaders talk as much about family values as in our country, and in no other western industrialized nation is there anywhere close to the 23 percent of children living in poverty that we have. Political leaders talk more about family values than act upon them.

Assuming that we are serious in our concerns about family values, we should ask ourselves what that implies in policy.

There are some obvious answers: We will be concerned about one another in a family. Violence will not be part of that family life. Each of us will try to live responsibly and help others in the family when there are needs, great or small.

But a slight bit of reflection will cause us to recognize that if we follow the finest ethical standards, and if we show love and concern for everyone in our household but ignore the problems of our neighbors, we will not be protecting our family, and we will have failed in our attempt to project family values. If the neighborhood in which we live deteriorates, our family is in jeopardy because of problems of crime or simply because of a loss of economic value to our home. An unpleasant atmosphere where we live replaces a pleasant atmosphere. Fear will be the unseen companion as our family members walk the streets of such a neighborhood. Anyone who professes family values but ignores the neighborhood is betraying the very values he or she professes.

But what is true of homes immediately adjacent to that family is also true of homes six blocks away. While the threats of crime and economic deterioration are less pressing than from a home next door, the threats are nevertheless real. We recognize that family values are not a set of virtues to be practiced in isolation.

On further reflection we recognize that what is true of immediate neighbors and those who live one mile away is true for those of greater distances. Ultimately, people in the Chicago suburbs who wish to practice family values must understand that they have a stake in what happens on the west side of Chicago. People in New York sense that they have a responsibility -- to themselves, if you will -- to help victims of a flood in California. "One nation, under God, indivisible" is more than a phrase. To the extent that we create that as a reality, we protect our families. To the extent that we permit the artificial barriers of race or geography or sex or religion or ethnic background to diminish our concern for one another, we diminish the quality of life for our families -- all of them.

But concern for others cannot stop at the borders of our nation if we are to protect our families. Six-hundred-fifty-thousand American homes have experienced grief because of the loss of a family member in military contests with other nations. We have slowly learned that we cannot protect our families when we ignore the threats to nations beyond our borders.

If I were speaking a decade ago, I would have said that the great external threat to the families of our nation is nuclear annihilation. The United States and the Soviet Union had thousands of nuclear warheads pointed at each other, and if that spark had been ignited in some way, civilization as we know it would have died.

Today the great threat to our security is instability in troubled spots around the world. As the only superpower left in the world, we will either provide leadership, or there will be deterioration within nations and between nations. Few thoughtful people in this country or any other would deny that the United States should lead. But there are sizable numbers of observers of the international scene who believe this nation is too often squandering its opportunity for significant leadership. Ultimately, the United States, along with the rest of the world, will suffer because of that.

I say that with the knowledge that both political parties in this nation must do better. President Clinton faced the huge task of moving from governor of Arkansas to suddenly becoming the most influential person in the world in foreign policy. It is not an easy transition. In March of 1994, he did a better job than in March 1993; this year, he is doing a better job than last year; and a year from now, he will do a better job than he is doing today. That is encouraging. He is a giant on the international scene by reason of his position, but he is hampered in his effectiveness by limited background and, also, by the reality that his two key players in international affairs, Secretary of State Warren Christopher and National Security Adviser Anthony Lake, are capable and knowledgeable, but both are, by nature, cautious. The net result from the executive branch is leadership that is generally solid but not as bold sometimes as it might be.

The greater deficiency is with the legislative branch. We too often micro-manage -- I have been guilty of this myself -- but a much worse offense is that we pander to public opinion and reduce this nation's ability to lead more effectively. If public opinion polls suggest foreign aid is unpopular, we cut foreign aid, even when it hurts our long-term interests. If there is a surge of public opinion suggesting that we avoid sharing risks for peace with other nations, we follow the surge of public opinion rather than national and international need. When we discover that speeches calling for reductions in what we pay to the United Nations bring applause, we pander to the applause and become the world's number one deadbeat.

What should the United States be doing? Let me suggest three points.

1. As a people, we must broaden our understanding of other nations and other cultures.

The provincialism of Congress mirrors our people.

A family cannot be said to truly have family values if they do not understand one another.

That is true within our nation, where we have far too little understanding between urban and suburban and rural populations and far too little understanding across the barriers of race, religion, sex and ethnic background.

But it is true beyond the borders of our nation. The family of humanity needs to understand the hopes and fears, the dreams and problems of those who live in other nations. As we learn, we will be willing to share more than our experiences. But basic knowledge is vital, whether within a single family, a community, a nation or in the community of nations.

Our knowledge is lacking. That is why the Peace Corps is more important than what our volunteers do for other nations; we gain a sensitivity to other cultures, a major asset to the nation. Colleges and universities can do much more to broaden the understanding of students. Can someone really be considered educated if, upon graduation as an engineer or physician or teacher or journalist or accountant or architect, he or she does not have the most minimal understanding of the rest of the world? We understandably lament the failure of too many graduates having even a cursory understanding of the religious heritage of the United States, but can people who do not have some appreciation of the beliefs of Muslims and Buddhists be expected to deal effectively with other nations?

A fine, small, liberal arts college that I attended for two years, Dana College in Nebraska, is seriously considering a program to offer its students assistance which would permit any student, regardless of family income, to study or travel abroad. The theory is that the students would not only enlarge their personal horizons, but when they return to this small campus, they could stimulate others. Dana College has only 600 students, but they come from 27 states and 14 nations. I hope the college can raise the money to do this, and lead other colleges and universities around the nation to do the same.

Our language provincialism reflects our cultural provincialism. In almost every nation in the world -- if not all of them -- all elementary students study a foreign language. In the United States,

only a tiny fraction do. We are the only nation in which you can go through grade school, high school, college and get a Ph.D., and never have a year of a foreign language. We are also the only nation in which, if we study French or German or some other language for two years, we will say, "I have studied German." Or, "I have studied French."

It is uninformed provincialism that leads members of Congress to call for laws prohibiting military leaders of any other nation from commanding our troops in a UN operation. Ever since George Washington had French leadership for some of our rebels, we have worked with other nationals. Would there be anything un-American about having a NATO commander who is Canadian or Italian or from some other NATO nation? Will we agree to take part in a UN operation only if we're promised a leadership role proportionately much greater than the resources we've committed? Responsible patriotic fervor can sometimes be converted into irresponsible nonsense cloaked in "patriotism."

The media of our nation should do more to inform us, but faced with budget problems, major newspapers, wire services and networks have reduced their overseas personnel.

When critics rightfully note that the United States budget and policy do not reflect the tremendous changes that have occurred in the rest of the world, particularly our military budget, part of the reason is that even the people who do not get their news primarily from television bites receive too little information about other nations -- unless there is a crisis. The lack of public understanding of the dramatic changes in the world makes it more difficult for leaders in the Administration and Congress to alter foreign policy.

That democracy is spreading in Africa and much of the rest of the world is known by only a tiny fraction of the American people who can tell us lurid details of the O.J. Simpson trial.

Editors who rightfully criticize members of Congress for pandering to public whims defend their obsession and excessive attention to the Simpson trial by telling us, "We're giving the public what it wants." That is an irresponsible answer for politicians and an irresponsible answer for the media.

Commenting on foreign aid, Michael Kinsley wrote recently in The New Yorker: "Americans are scandalously ignorant All over the country -- at dinner tables, in focus groups, on call-in radio shows and . . . occasionally on the floor of Congress -- citizens are expressing outrage about how much we spend on foreign aid, without having the faintest idea of what the amount is. This is not . . . a question of being misinformed. No one -- not even Rush Limbaugh -- is out there spreading the falsehood that we spend fifteen percent of the federal budget on foreign aid. People are forming and expressing passionate views about foreign aid on the basis of no information at all."

If we expect the legislative and executive branches of our government to build a responsible course of leadership on a base of public ignorance, we ask for far more than we are likely to receive.

2. We should be providing more foreign aid, not less.

In probably two out of three of my town meetings people ask: "Why don't we cut back on foreign aid, and spend the money on our own needs?"

They, of course, have no idea that through our aid programs more than three million lives are saved each year through immunization programs; that as we help the other countries survive economically, they frequently become our customers, then lift our standard of living; that much of what we call foreign aid is spent for food and equipment in the United States.

We cannot reverse illiteracy or set up a program to educate people on family planning with a military budget; this takes foreign aid.

When the political parties of democracies in Asia held a conference recently, they closed their meeting by singing, "We Shall Overcome," an expression more of hope than confidence, because democracies in many parts of the world are frail. A little help from the United States as the world's leading democracy means much to them, both for the concrete help and in symbolic terms.

When I ask people at town meetings what percentage of our budget goes for foreign aid, usually the guess is somewhere between 15 percent and 25 percent. They are startled when I tell

them it is less than one percent.

A University of Maryland poll found the same answer. But, then, the University of Maryland asked how much would be "appropriate," and the answer: five percent. When asked how much would be "too little," they answered three percent -- more than three times what we actually spend.

If military aid is subtracted from our foreign assistance, less than one-half of one percent of our budget goes for foreign aid, to economic assistance.

Because of the huge and growing U.S. debt, this year our gross interest spending will be 22 times the amount we pay for foreign aid. Even more startling, because so many U.S. bonds are now held by the economically fortunate beyond our borders, we will spend more than twice as much on interest to them as we do on foreign aid that is designed in large measure for helping poor people.

We appropriate less of our national income for foreign aid than any Western European country or Japan. At one point under the Marshall Plan, we spent 2.9 percent of our national income helping the poor beyond our borders. And how properly proud we are of it! Today we spend less than one-sixth of one percent of our national income on foreign economic assistance. Yet most Americans believe we are the most generous of the wealthier nations. In the Marshall Plan years our national income--in inflation-adjusted terms -- was approximately 40 percent of our present income. As our income has risen, our response to poor people has diminished.

But something else is significant about the Marshall Plan, which rescued Western Europe from Communism. When General Marshall announced it at a Harvard commencement, and President Truman followed with more details, the first Gallup Poll showed only 14 percent of the American people supporting it.

We had a Democratic President who did not consult with pollsters before he called on the American people, and he had to deal with a Republican Congress. Senator Arthur Vandenberg, a Republican leader from Michigan, did not first ask what the Marshall Plan might do to his party's political fortunes or how he might use it against the President. A Democratic President and a Republican Congress did the unpopular, what was right, and served this nation and the world well. The lessons to be drawn are obvious.

President Ronald Reagan suggested that we should devote one percent of the nation's income to helping the poor beyond our borders, appreciably less than we did under the Marshall Plan.

We have not come close to the Reagan standard.

Only Denmark and Norway meet this not-so-high standard. Among other nations that assist more than we do are Sweden, Netherlands, France, Finland, Canada, Belgium, Germany, Australia, Switzerland, Luxembourg, Great Britain, Austria, Portugal, Italy, Spain, Japan, New Zealand and Ireland.

Canada does three times better than we do.

While we lag behind other nations on economic assistance, we spend almost as much on defense as the rest of the world combined. Looking at our budget, you would hardly guess that the Berlin Wall fell. If we were to reduce our defense expenditures by one-half -- which I do not advocate -- we would still have, by far, the largest expenditure on arms of any nation in the world. Unfortunately, we are compounding that problem by pushing many nations to buy arms from our weapons producers, arms that too often destabilize an area rather than stabilize it.

The U.S. defense budget suggests that the great threat to the world is a Soviet-type attack. The reality is, the great threat is instability. While nations struggle to build democracy, we build more B-2 bombers instead of assisting democracy. Purchasing the B-2 bombers helps the manufacturer, but they are designed for yesterday's defense needs. They were useless in Desert Storm and Haiti. While we blunder ahead with billions on useless bombers, shaky democracies receive our cold shoulder. "We can't afford to help," we tell them. While the swing to democracy around the world has been dramatic, it is not irreversible. Some democracies are likely to fail because of U.S. inattention and paltry financial backing.

Our weak performance in assisting democracies has been compounded by our failure to

pass the Balanced Budget Amendment. Instead of lessening U.S. government borrowing and reducing interest rates around the world, we have chosen the high-interest-rate course. That causes higher debt service costs for desperately poor people. The executive director of the International Monetary Fund once told me that facing our U.S. fiscal problems is more important to the developing world than our foreign aid. Yes, we in the U.S. pay higher interest rates because of our fiscal folly, but so do many nations who can afford the high interest rates less than we can, and they have not caused our national debt. The developing nations now owe \$1.4 trillion. If U.S. imprudence forces interest rates up one percent, that potentially costs these poor nations \$14 billion. If we exercise fiscal prudence and international interest drops one percent, that potentially saves them \$14 billion -- far more than our economic assistance.

In a family in which one person becomes very wealthy, and others in the family are extremely poor, some suffering from malnutrition, they will not continue to be a cohesive family if the wealthy member of the family simply ignores the problems of the poorest. A family member who makes no attempt to understand the problems of the poorest in the family will be regarded by the other family members as arrogant and callous, and when that family member faces problems -- which all family members eventually do -- the other members of the family are not likely to come to his or her rescue.

It takes no great imagination to see where the United States fits into that picture.

3. We should play a stronger role in UN peace-keeping and peace-making.

I am impressed by the leadership of Secretary-General Boutros-Ghali. But he has an impossible job if the United States does not play a stronger supporting role.

That means paying our dues.

That means contributing more than dollars to UN peace-keeping efforts. The latest UN report of March 6 of this year shows the following troop contributions to UN peace-keeping operations:

Country	Strength
1 France	5,093
2 United Kingdom . .	3,860
3 Jordan	3,698
4 Pakistan	3,102
5 Canada	2,629
6 Bangladesh	2,208
7 Poland	2,181
8 Netherlands. . . .	1,823
9 Norway	1,775
10 Ghana.	1,730
11 Malaysia	1,677
12 Nepal.	1,607
13 Turkey	1,488
14 Russian Fed. . . .	1,487
15 Spain.	1,452
16 Denmark.	1,368
17 Argentina.	1,360
18 Sweden	1,316
19 Ukraine.	1,208
20 U.S.A.	1,139

Number 20!

Nepal, with a population of less than one-tenth of ours, is contributing 41 percent more troops than the United States. Jordan, with a population of 3.2 million -- less than two percent of

our population -- is contributing more than three times as many troops as the United States.

There are 16 UN peace-keeping operations underway at this point, and we are contributing troops to six.

But it is more than the deficiency in the contributions of numbers.

Somalia illustrates the problem. Contrary to the present public image, the Somalia action was one of George Bush's finest moments and something for which the United States should be proud. Our actions saved hundreds of thousands of lives.

I was in Somalia with Senator Howard Metzenbaum early in November of 1992. I have never seen anything like it, and I hope never to see anything like it again. We returned to the United States on a Sunday night and, the next morning, we called the UN Secretary-General. Fourteen weeks earlier, the United Nations Security Council had authorized 3,500 troops to go to Somalia to help in the desperate situation there. Weeks later, 500 Pakistani soldiers finally arrived and were forced to hole up at the airport at Mogadishu, the capital city. I told Boutros-Ghali that he should get the additional 3,000 troops there immediately and that Somalia needed an additional 10,000 troops, a figure based only on instinct. He told us he would send the additional 3,000 troops by ship. When I responded vigorously that untold lives would be lost if the troops did not arrive by plane, he noted, "Your government charges me very high rates to move troops by plane." I asked him if we could use the cost of flights to apply to our past-due bills at the United Nations, and he quickly said yes. I called Secretary of State Larry Eagleburger and gave him the background, asking him to call the Secretary-General immediately. I also asked the Secretary of State to discuss the matter with the President, explaining that I would call the President directly, but he was in Connecticut that day for the funeral of his mother. The next day, President Bush asked the Secretary of State to fly to New York to discuss the matter with the Secretary-General. Then, President Bush -- to his great credit -- moved quickly and, that Thursday, announced that the United States would lead UN efforts in Somalia. In a few days, troops, food and medical supplies were in Somalia.

How many lives could have been saved if the United Nations had been able to respond more quickly? Thousands. But no one will ever know the precise number.

Another example: When serious trouble between the Hutus and Tutsis started in Rwanda, Senator James Jeffords and I got on the phone to the Canadian General Romeo Dallaire in charge of a small contingent of UN troops in the capital city of Kigali. One of the amazing things about our technological age is that you can call from Washington, D.C., to a ravaged city in Africa and reach someone by phone. That was on May 12, 1993. He told us that if he received 5,000 to 8,000 troops immediately, he could stop the bloodshed in Rwanda. Senator Jeffords and I immediately dispatched a message to the White House, and to other officials, urging quick action. On October 5, 1993 -- almost five months later -- the UN Security Council authorized action. With unbelievable brutality exploding in Rwanda, nothing happened to stop it for a seemingly endless period of time. To their credit, the French sent 2,000 troops, and later, the United States and other nations sent smaller numbers to protect camps and airports on the periphery of Rwanda, primarily in Zaire.

How many lives could have been saved if the United Nations had been able to respond more quickly? Thousands. But no one will ever know the precise number.

Lesson number one to be learned: The United States and other nations must equip the UN to respond quickly to this type of emergency.

I introduced in the last Congress, and will reintroduce in this Congress, a proposal calling for 3,000 volunteers among U.S. service personnel who would be paid slightly more than other U.S. troops, who would be ready on 24-hour notice to go to any place in the world called for by the Security Council and approved by the President of the United States. We should call upon Germany, Great Britain, France, Japan and other nations to do the same, and smaller nations to have a smaller contingent of troops available on similar, quick notice. Senator Jeffords will cosponsor the legislation.

Today, after the Security Council acts, the Secretary General gets on the phone and begs nations for help. It is a time-consuming process when time means lives. If the United Nations can

move more quickly, we can prevent future disasters in places like Somalia, Rwanda and Bosnia.

There is a second lesson to be learned.

If the United States is to play a responsible role of leadership in the community of nations, some risks must be taken, and when there are regrettable casualties within our armed forces, we must stay our course.

Those who enlist for service in the Chicago Police Department know they will be performing a public service, but they also know they will be taking a risk. If some drug smugglers or gang leaders in a neighborhood kill two policemen, the mayor of Chicago will not announce that that area of the city will no longer have police protection because of the casualties.

Somalia illustrates our problem.

Mistakes were made, primarily by a U.S. military man put in charge of part of a UN mission for which he had little background. He looked for military answers to problems rather than the diplomatic answers that Ambassador Robert Oakley had adeptly been fashioning.

But when a U.S. serviceman's body was dragged through the streets by teenage thugs, when that man went to Somalia on a humanitarian mission, the American people were appalled, and there were cries in Congress to pull out all our troops immediately.

At that point, we had a new President inexperienced in international relations facing a volatile Congress. Some calming words of explanation to the American people would have been appropriate, explaining that if local terrorists can cause a few American casualties, and we flee the scene, the example will not go unnoticed by others around the world wherever American troops are stationed.

The reality is that fewer American service personnel were killed in Somalia than cab drivers were killed in New York City that year. That does not make any of the deaths less tragic. But those who enter the armed forces must understand that, like the Chicago Police enlistees, they are taking additional risks. And the American people must understand this.

We are in the budget season, discussing whether or not to appropriate money for certain fancy weapons systems. What other nations question is not the technical proficiency of our weapons but our backbone. And the question is being asked, not about those who serve in the armed forces, but about the administration, Congress and the American people. Others look at the weakness of both the Bush and Clinton administrations in Bosnia and they wonder. A few terrorists frighten us out of Somalia, and they wonder about our professed resolve elsewhere.

When several members of Congress issued calls to get us out of Somalia, the Administration first called a meeting of all members of both houses at which Secretary of State Warren Christopher and Secretary of Defense Les Aspin spoke. The meeting was a disaster. Such a large meeting on a volatile subject should never be called; the noisemakers take over.

Then the White House called a smaller meeting with about 20 of us from Congress with all the key Administration people present, including the President. The lengthy meeting, held on October 7, 1993, resulted in a compromise that all U.S. troops would be pulled out by March 31. I was not happy with this, but I agreed to the compromise because it was considerably better than an immediate pull-out.

A few days after the White House meeting, President Mubarak of Egypt visited the United States, and I went to Blair House to pay a courtesy call on him. Just before I got there, an Administration official asked me to urge President Mubarak to keep his Egyptian troops in Somalia after March 31. Without quoting President Mubarak directly, it is not violating any confidence to say that the request to have his nation, with its meager resources, stay in Somalia while the wealthy and powerful United States of America wanted to quietly back out, did not impress him.

We must be careful in using our human and military resources, but when we make the decision to use them -- preferably in concert with other nations -- we should use those resources with firmness and a reliability that other nations, friendly or unfriendly, sense.

Since United Nations efforts at peace-keeping are in our security interest, would it be asking too much for us to suggest that one percent of the defense budget be set aside for support of peace-keeping? Far from harming our security needs, that would strengthen the ability of the

United Nations to respond quickly to emergencies, and that one percent would not harm any defense needs that we have.

It is easy for office-holders of either party to appeal to the fears and hatreds of people, to appeal to the worst in us, to ask us to turn inward rather than reach out.

But if we are serious in our talk about family values, we should urge our citizens to reach beyond the artificial barriers that separate people; to be concerned about one another; then, all families will be more secure. Appeals to short-sighted selfishness do not help a family, and a political call for short-sighted selfishness does no favor to the nation. As leaders, we must appeal to the noble in our people, not the worst, and if we apply that to international relations, the United States will benefit, as will the rest of the world.

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