THE PRESIDENT HAS SEEN
6.13.95

A PRELIMINARY WEAPONS COUNT AS PER FBI LAB 9/23/93

NOTE: MANY OF THE WEAPONS ARE IN POOR CONDITION DUE TO THE INTENSE HEAT THAT THEY WERE SUBJECTED TO DURING THE FIRE, IN SOME CASES THIS MADE IDENTIFICATION DIFFICULT. THEREFORE THE FOLLOWING NUMBERS ARE SUBJECT TO CHANGE.

RIFLE CALIBER WEAPONS (7.62/.223/.308)	199
SHOTGUNS	13
PISTOL CALIBER	75
AIR RIFLE	1
GRENADE LAUNCHERS	6
TOTAL	293

MACHINEGUN BREAKDOWN

AK-47'S	20
AR-15/M-16	24
MP-5	3
M 11(9MM)	1
TOTAL	48

Capacity to use 100 rnd drum explosive

Prior calls: civ possession illg machinegun and explosives and unlawfully storing/keeping explosives

Q: FBI ask what happened to him

X Exam: observed w/ illg [redacted] hi cal. machinegun part w/burn - 87 grenades shot at & exploded

THE PRESIDENT HAS SEEN
6/13/95

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

95 JUN 8 P4:56

THE SECRETARY

June 8, 1995

(Geeran)

MEMO TO: President Bill Clinton

FROM: Henry G. Cisneros

SUBJECT: City and Regional coverage of the President's Homeownership Announcement

I mentioned to you at Monday's homeownership announcement that HUD had scheduled same-day events in 100 locations across the nation to kick-off local homeownership strategies. We hoped this would result in local coverage in city and regional media markets. The attached press clips are the first day's sample of newspaper coverage.

One lesson for us from our success this week is that "pocket-book" initiatives that touch average American lives can be used to penetrate beyond the national press to local media markets.

Another lesson is that cabinet departments can use their regional and field offices to orchestrate coordinated events to reinforce and enhance the President's national themes.

Attachment

Copy sent to McCurry also
6/14

HUD Daily Newsclips

Special Edition

"Homeownership Strategy"

June - 1995

BUSINESS

Tuesday, June 6, 1995 SECTION C THE DENVER POST

HUD program seeks to boost home ownership

By Steve Raabe
Denver Post Business Writer

A plan to make new homeowners out of 137,000 Colorado residents and 8 million other Americans was announced yesterday by officials who say they're ready to cut red tape.

The program, anchored by creative financing measures and reduced regulation, was presented locally and nationally by teams of government and private-sector representatives.

"Home ownership is so far out of reach for so many people who don't have high incomes," said Tony Hernandez, Denver-based regional director for the U.S. Department of Housing and Urban Development. "We want to change that."

Hernandez said the National Homeownership Strategy includes measures such as reducing closing costs and mortgage fees, enhancing fair lending and fair housing practices to attract more minorities and underserved markets such as renters and younger people into home ownership. But no specifics were given about how those goals could be accomplished.

The program is the end result of a Clinton administration mandate to HUD Secretary Henry Cisneros to find ways to increase the number of homeowners.

The administration's program is built around a coalition of government entities and banking, real estate and construction groups formed to simplify mortgage procedures and reduce closing costs.

The coalition came up with 100 recommendations, most of them calling for more study before they can be fully implemented.

"It is essential that this process be done as a collaborative effort among these groups," said Deb Collins, president of the Colorado Mortgage Leaders Association. "Essentially, the task is being placed in the hands of the people who can do something about it."

As an example of making the plan work locally, HUD officials and mortgage lenders noted that they have collaborated on a program to raise the maximum home price under which buyers can qualify for FHA loans. The loan limits, now $123,500 in the City and County of Denver, have been raised across the metro area.

Since 1980, home ownership has declined from 65.6 percent of all households to about 64 percent. The administration's goal is to increase home ownership by the end of the decade by roughly 8 million units, to 67.5 percent.

State leaders laud home-buying plan

John Rebchook
Real Estate

Almost 60% of Coloradans between 25 and 34 don't own homes.

Almost 25% of people making between $40,000 and $49,999 are renters.

About 61% of blacks in the state and 49% of Hispanics didn't own homes as of 1990, the latest statistics available.

President Clinton wants to change that, as does Department of Housing Secretary Henry Cisneros.

So do local housing experts Tony Hernandez and Deb Collins.

Clinton and Cisneros, of course, aren't just concerned about Colorado, although its homeowner statistics slightly lag the national average.

Clinton and Cisneros announced a "National Homeownership Strategy" on Monday to increase homeownership by 8 million families nationwide by the end of 2000. In Colorado, that would mean increasing homeownership by 137,000.

Hernandez, Cisneros' representative for the Rocky Mountain region, and Collins, president of the Colorado Mortgage Lenders Association, were among 35 local leaders in northwest Denver to watch the announcement on television.

"The key thing about this is it is not another government program," Hernandez said. "It's a bold move and it won't cost anything."

Collins said she thinks this is the first time so many public, private and quasi-public groups have agreed to put their heads together to put more people in homes.

"Some things already are happening right now, more on the technology and streamlining end," she said. "Technology can speed up the process and save money for buyers."

About 30 groups — ranging from HUD to the NAACP — have agreed to find ways to make housing more available.

While details will be worked out during the coming months, it's a three-pronged attack:

- Cut costs of homeownership including financing, production and transaction fees. This should make homes more affordable, financing more available and simplify the home-buying process.
- Expand opportunities for millions of families through education and counseling.
- Remove discriminatory and regulatory barriers.

"I think there is probably less discrimination in Colorado than ever, but some people still practice redlining and we want to eliminate it completely," Hernandez said.

HUD, working with the mortgage association, recently raised the FHA mortgage limits throughout the state.

The new limits: Denver County, $123,500; Arapahoe County, $131,250; Jefferson County, $146,050; Douglas County, $142,362; and Adams County, $123,500.

Concrete ways of moving more people into homes: Reduce the cash needed by cutting mortgage closing costs; cut in half the waiting period for mortgage approvals by reducing paperwork; build more homes for first-time buyers; make it easier to finance repairing older homes; reduce costs of new homes with advanced designs; and eliminate excessive building regulations.

Hernandez said he is dumbfounded that people with high incomes are still renters.

"There are people out there making $49,000 who aren't buying homes," he said.

Business

TODAY

REAL ESTATE

Don Knox, Business Editor — 892-5242

Clinton launches home-buying program

New plan will target low-income families and may boost state owners by 137,000

News Staff and Wire Reports

WASHINGTON — President Clinton on Monday detailed steps his administration is taking to make it easier for 8 million families — 137,000 of them in Colorado — to buy and finance homes by the year 2000.

"This is the new way home for the American middle class," Clinton said in an East Room Ceremony.

The program does not create new government programs or require federal money. Instead, banking, real estate, construction, government and community groups promised to take steps on their own to make buying homes cheaper and easier.

The goal of the program is to increase the national homeownership rate — now 64.2% of all households — to a record 67.5% by 2000. The homeownership rate has been declining from its peak of 65.6% in 1980. The Denver homeownership rate is slighty less than the national average.

INSIDE
■ Consumers seeing low interest rates thanks to bond rally. / 51A

In the Denver area, 61.6% — 399,856 homes — were occupied by owners in 1990, the latest data available.

Nationwide, some steps have already been taken, including a relaxing of federal escrow requirements so that mortgage closing costs can be reduced.

Participating banks and financial organizations have agreed to reduce home-settlement paperwork and make the process simpler and more understandable for average buyers, administration officials said.

Construction participants side vowed innovations in housing design and construction technology to reduce the cost of building new homes and repairing existing ones.

Deb Collins, president of the Colorado Mortgage Lenders Association, said she is eager to work with other groups to boost homeownership.

"Your Colorado lenders have already been working on strategies to assist in homeownership,"

See HOMES on 35A

THE ARIZONA REPUBLIC

June 8, 1995

Homeownership expansion plan would help us all

BY

NEIL PEIRCE
Washington Post Writers Group

The federal government's new homeownership initiative, kicked off by President Clinton at a White House ceremony Monday, is a Washington exception.

It's not a piece of legislation or an executive order, not a regulation, not a new office, not even an appropriation.

Instead, it's a shared commitment to add 8 million new homeowners, to boost homeownership to an all-time high of 67.5 percent of American families, by the year 2000.

And while the Department of Housing and Urban Development is the initiator, the new National Partnership for Homeownership includes more than 50 partners, public and private, federal, state and local.

They range from Fannie Mae and Freddie Mac to the Neighborhood Reinvestment Corp. and its "NeighborWorks" network, from the Federal Housing Administration to Habitat for Humanity, from the American Bankers Association to the National Council of La Raza.

The pledge to reach 67.5 percent, up from today's 64.2 percent, exceeding the past peak of 65.6 percent set in 1980, lacks the force of law. But its remarkably broad support base means it just might work. And if it does, the dividends could be remarkable.

Study after study is documenting the growing income inequalities in America. In 1993, the share of national income going to the richest fifth of households, 48.2 percent, was the highest ever recorded, the Center on Budget and Policy Priorities reports. At the same time, the shares of income going to the middle class and the poorest fifth dropped to the lowest levels on record.

The bedrock of American social stability and economic strength, a strong, secure middle class, with all Americans seeing realistic prospect to better their lot, is in real peril.

One healthy sign is that the financial-services industry itself is starting to recognize it will face shrunken markets and opportunities unless ways can be found to sell mortgages to the millions now locked out, teachers and checkout clerks, nurses and librarians, policemen and assembly-line workers, and especially minorities and immigrants.

Eighty-five percent of American households earning more than $50,000 a year already own their own homes, but only 50 percent of those with $15,000-$25,000 incomes. Sixty-eight percent of whites own their own homes, but only 43 percent of blacks and 39 percent of Hispanics.

So while the market for selling still more mortgages to well-off families of Dad, Mom, Dick, Jane and a well-manicured Airedale clearly is limited, success may come to bankers who find ways to loan successfully to immigrants, people of color and many customers who lack perfect credit histories.

The Neighborhood Reinvestment Corp. has been showing it can be done. Among the 10,000 low-to-moderate-income working families it's helped become homeowners in the last two years, 57 percent are minorities, 43 percent are households headed by women, 94 percent are first-time buyers.

Specialized counseling, loan packaging and partnerships with local bankers have been necessary to make it work. And the initiatives just announced at the White House and subscribed to by the new partnership could help a lot. Examples:

- Reduce the down-payment hurdle through financing collaborations that trim the amount of cash a prospective homeowner needs up front.
- Streamline the loan-settlement process by computerizing to reduce paperwork and cutting burdensome cash settlement costs by as much as $1,000.
- Make high-quality homeownership counseling available in every community, with a special eye to residents' languages and cultures.

The National Partnership for Homeownership also will encourage construction of small starter homes, now a tiny percentage of what the home-building industry turns out. And it will urge local governments to check out building codes, and zoning and regulatory barriers for ways to trim costs and speed the homeownership process.

In fact, there already are hundreds of programs operating to expand homeownership, many of them special local loan programs by banks responding to the federal Community

1/2

June 8, 1995

Reinvestment Act.

The Clinton administration had already begun to revitalize the FHA as an insurer of single-family mortgages. Fannie Mae has an ambitious homeowner-education program, operating in many cities. The American Homeowners Foundation is distributing a self-test to help renters decide if they're ready for homeownership.

If all this does add millions of homeowners, we'll all be winners. Homeownership is most Americans' biggest single investment, their first step in the quest for financial stability. It means a more stable, economically successful country.

"People who become homeowners build equity," says HUD Secretary Henry Cisneros. "They build financial leveraging power that they can use then to convert for such purposes as sending their children to college or starting a small business or embarking on a second career.

"Homeownership gives people a tremendous stake in their communities. It spurs them to become more involved in community life, strengthening the social fabric of America's neighborhoods."

Even if the White House seems a lofty place to launch the new homeownership initiative, the dividends should accrue where we all live.

2/2

Coalition lists steps to increase home-buying

HOMES from 34A

she said Monday, noting her group has lobbied to preserve home mortgage interest deductions. It also has worked with HUD to increase the FHA maximum loan limits.

"These efforts will only be enhanced by partnering with others in the housing industry," she said.

The president ordered Housing and Urban Development Secretary Henry Cisneros in November to work with public, private and non-profit housing industry leaders to create a national strategy.

The result is a coalition of housing groups that produced 100 steps they could take to expand home-buying opportunities.

The strategy will target low-and moderate-income families, minorities and immigrants who may not have the means, knowledge or ability to buy a home.

"Red tape will be cut and aggressive steps will be taken to increase the supply of new, attractive, modest-sized affordable homes for first-time buyers," Cisneros said.

"What that means in human terms is some 8 million new homeowners in the United States," he added.

Many of the initiatives call for further studies. Some examples:

- Improve understanding of the use of existing down payment alternatives, such as lease-purchase and home-buyer savings clubs.
- Study how to streamline the loan and settlement process to reduce closing costs.
- Review federal rules and assess their impact on housing costs.

Underscoring the importance of homeownership, Clinton said, "This is about the way we live as a people and what kind of society we're going to have."

Minneapolis Spokesman June 1-6, 1995 front page

Amerifirst pledges 10 million dollars to NAMC

In an effort to increase minority participation in home ownership, and establish a steady work opportunity for minority contractors, the National Association of Minority Contractors has developed a mortgage lending program for 1-4 family residences nationwide. While the program is not new, the targeting of efforts, and the technical and financial support provided by the NAMC to local chapters and their members is significant. Chapter members will be able to identify existing housing stock in need of repair, and in partnership with the CDMCA, purchase the building, renovate it and then sell to a new homeowner with no down payment.

The local chapter of the NAMC held its first informational last week and explained the program to 36 residents. "The response was overwhelming!" said Art Gardner, chapter president. "But it's so good, people wouldn't believe it was true. Their response got us (the contractors) real excited."

The program is available to minority contractor chapters nationwide. Gardner said the local chapter is coordinating efforts with other affiliates to ensure uniformity. "If this program is done right," said he said, "we hope the program can be extended beyond the $10 million already pledged."

Persons interested can contact NAMC at 374-5129.

U.S. program to help Hoosiers obtain low-interest homes

July 6 1995

By SKIP HESS
The Indianapolis News

When Karen L. McNeely was handed a key to her new Broad Ripple home, it was done with as much fanfare as a shopping center ribbon-cutting ceremony.

Lt. Gov. Frank O'Bannon and several other state officials congratulated McNeely Monday for being one of the first Hoosiers to buy a home under a national program known as "First Home '95."

The Indiana Housing Finance Authority's low-interest and low-down payment program is expected to serve 2,000 new home buyers in the state.

About $35 million in mortgage loan funds is available and as much as $100 million is expected to be available during the course of the year.

O'Bannon, the Indiana authority's chairman, said, "First Home '95 this year will help thousands of Hoosier families who thought they could never buy a home. It can especially help in Central Indiana, which has a lower home ownership rate than any metropolitan area in the Midwest."

McNeely obtained an IHFA and FHA mortgage carrying a 7.44 percent annual interest rate. The FHA mortgage program is sponsored by the U.S. Department of Housing and Urban Development.

The program is aimed at middle-class and low-income families. Since it was announced in May, O'Bannon said more than 3,000 people have inquired about a loan.

According to O'Bannon:

- Reservations have been accepted for more than 400 loans.
- About $16 million of the $35 million in loans available has been reserved.
- Nearly half of $2 million earmarked for down payments has been reserved.

For more information, call 1-800-669-4432.

The Philadelphia Inquirer

Business

Section C

Tuesday, June 6, 1995

A strategy to hike home ownership

By Alan J. Heavens
INQUIRER STAFF WRITER

Expanding on a promise he made in November, President Clinton yesterday detailed steps the government is making to increase by 8 million the number of American home owners by 2000.

"This is the new way home for the American middle class," Clinton told an audience of first-time home buyers and housing advocates at the White House.

Clinton unveiled his "National Homeownership Strategy" at the National Association of Realtors annual convention in November. The program calls for banks, real estate firms, construction companies, government and community groups to make buying homes easier and less expensive. The program did not create new layers of bureaucracy nor require any federal money.

According to Secretary Henry G. Cisneros of the Department of Housing and Urban Development, 50 national organizations have developed 100 recommendations for expanding home ownership opportunities among low- and moderate-income families and minorities, through education, opening new markets, financial-counseling programs and identification of mortgage-capital sources.

The organizations include the National Associations of Realtors and Home Builders, the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corp. (Freddie Mac) and Habitat for Humanity, Cisneros said.

Since 1980, home ownership has declined from 65.6 percent of all households to about 64 percent. Cisneros said that if these recommenda-

See HOME OWNERSHIP on C2

Tuesday, June 6, 1995

Strategy seeks to hike home-ownership rate

HOME OWNERSHIP from C1

tions were implemented, America's home-ownership rate would rise to 67.5 percent of the all households by the turn of the century.

Metropolitan Philadelphia's home-ownership rate, by comparison, is 62 percent of all households, census figures show.

"We must work to do all we can do to raise the numbers of people who can qualify for home purchases," Cisneros said. "The federal government wants to be a partner in this effort."

Some of the recommendations under scrutiny or being implemented by HUD are:

- Increasing use of down-payment alternatives such as lease-purchase agreements and home-buyer savings clubs.
- Reducing down-payment requirements.
- Streamlining loan and settlement processes to cut closing costs.
- Reviewing federal rules and assessing their effect on housing costs.
- Developing less costly ways of building homes.

In the last year, HUD has obtained commitments from national lenders to increase the number of mortgages it grants to low- and moderate-income people. Countrywide, one of the nation's largest mortgage lenders, has pledged to increase lending to the target group by 5 percent over two years, according to Angelo R. Mozilo, Countrywide's chairman and CEO.

In the last two years, a number of local and nationwide initiatives have been implemented to increase home ownership among low-and moderate-income people. The most widely touted has been the $1 trillion commitment made by Fannie Mae in March 1994 to finance 10 million home purchases by the end of the century.

In 1994, Fannie Mae spent $101 billion, providing mortgage financing for 1.5 million homes, according to spokesman Tom Marder.

For More Information

■ Details on the Clinton housing initiative are available from Homeowners Partnership, P.O. Box 6091, Rockville, Md. 20850.

THE PLAIN DEALER / TUESDAY, JUNE 6, 1995

Clinton unveils project to boost homeownership

By ANGELA D. CHATMAN
PLAIN DEALER REPORTER

The Clinton administration, concerned that 1.5 million families could not buy homes in recent years, has formed a partnership with more than 50 national organizations in a bid to increase homeownership by the year 2000.

By streamlining the home-buying process — cutting federal loan-review schedules, marketing homes differently and reducing required down payments and closing costs — the National Homeownershp Strategy hopes to increase the number of first-time home buyers by 8 million. If numbers increased that much, homeownership would go from 65 percent of the population to 67.5 percent.

The theory is that expanding homeownership stabilizes communities, creates jobs and strengthens the economy, as President Clinton and administration officials said in a presentation broadcast to more than 80 cities yesterday morning.

Groups joining the public-private partnership include the American Bankers Association, Habitat for Humanity International, the Mortgage Bankers Association of America, the National Association of Realtors and the National Urban League.

The U.S. Department of Housing and Urban Development is overseeing the initiative, which is another attempt by the agency to be competitive with the private sector.

"HUD is no more of a bureaucratic problem than the private sector is now," said Kendel King, director of the Cleveland HUD office's single-family division.

"HUD has been the foundation of our 'homeownership activities,'" said Roy Morgan, chairman of the Cleveland Association of Real Estate Brokers, black real estate brokers and salesmen whose national organization joined the partnership.

However, Christie Penney, executive director of Neighborhood Housing Services Inc. of Cleveland, said the effort needs to be coordinated at state and local levels.

"The implementation of this is going to be the key," she said.

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Clinton Unveils New Housing Partnership
By RON FOURNIER
Associated Press Writer

WASHINGTON (AP) _ President Clinton unveiled a voluntary housing program today, promising to get public and private groups working together to help American families buy homes.

"This is the new way home for the American middle class," Clinton said in an East Room Ceremony.

The goal of the administration's National Homeownership Strategy is to create 8 million new American homeowners by the year 2000.

The program does not create new government programs or require federal money. Instead, banking, real estate, construction, government and community groups promised to take steps on their own to make buying homes cheaper and easier.

Promising to expand homeownership in the United States, the president ordered Housing and Urban Development Secretary Henry Cisneros in November to work with public, private and non-profit housing industry leaders to create a national strategy.

The result is a coalition of housing groups that produced 100 ways they could take to expand home-buying opportunities. Many of the initiatives call for further studies.

Some examples:

_Improve understanding of the use of existing down payment alternatives, such as lease-purchase and homebuyer savings clubs.

_Get banks, secondary investors and mortgage insurers to work together to reduce downpayment requirements.

_Study how to streamline the loan and settlement process to reduce closing costs.

_Review federal rules and access their impact on housing costs.

_Begin a new program to study how innovative construction methods can help build cheaper homes.

Underscoring the importance of homeownership, Clinton said, "This is about the way we live as a people and what kind of society we're going to have."

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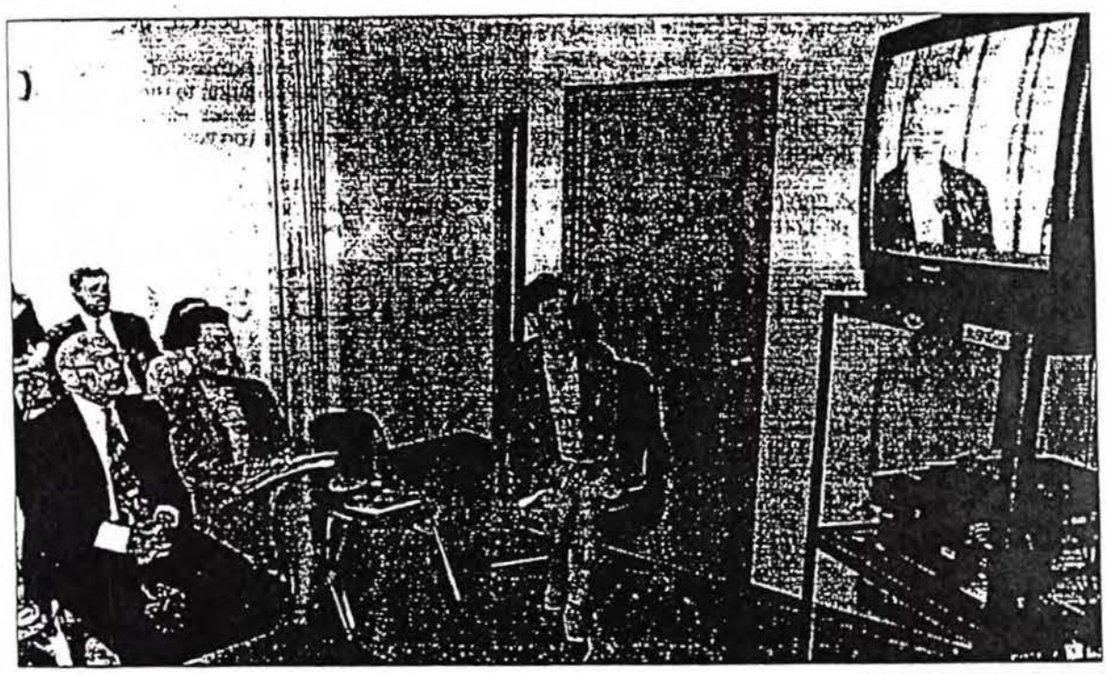
THE SUN
Business

PAGE 11C
TUESDAY
JUNE 6, 1995



GEORGE HOLSEY/SUN STAFF PHOTO

HUD officers and Realtors watch President Clinton's announcement in HUD's Baltimore office.

HUD strategy points 'new way home'

By Lorraine Mirabella
Sun Staff Writer

As part of a national strategy to put 8 million more families into their own homes by the year 2000, federal officials in Baltimore kicked off an expanded effort yesterday toward making home buying in Maryland simpler and more affordable.

With many of the details still to be worked out, officials at the local Housing and Urban Development office unveiled two new partnerships created to reduce closing costs and teach consumers how to shop for and finance a house.

The administration's program calls for no additional spending or grants. Instead, it relies on public and private organizations working together to make financing and transaction costs more affordable, remove discriminatory and regulatory barriers and reach millions of potential buyers who never thought they could own a home.

"This is the new way home for the American middle class," President Clinton said during an address at the White House launching the new effort.

At the HUD office on Howard Street, housing officials and members of an industry task force — lenders, real estate agents and nonprofit housing groups — gathered as part of the program's official start and vowed to work with HUD to expand homeownership locally.

> *"The low-income person will not be left out of the homeownership process."*
>
> **JANICE B. WEST**

The homeownership rate has been slipping since 1980, after more than four decades of steady growth. If not for the drop in homeownership, an additional 1.5 million families would now own their own homes nationally, HUD officials estimated.

The goals of the new program stemmed from about seven months of discussions between Housing and Urban Development Secretary Henry G. Cisneros and 50 or so national public and private associations, including the American Bankers Association, the Enterprise Foundation, Habitat for Humanity, the Mortgage Bankers Association, the National Association of Realtors, the National Association of Home Builders and the NAACP. The strategy relies on the groups' local affiliates to form partnerships with HUD or other government agencies.

Yesterday, Harold D. Young, acting state coordinator for the local HUD office, signed the first two such local partnerships, one with the Real Estate Brokers of Baltimore Inc., the other with the state's Department of Housing and Community Development, said Candace S. Simms, HUD's single-family housing director.

The Real Estate Brokers, an association of predominantly black real estate agents and brokers, plans to offer free mortgage credit reports — which typically range from $45 to $65 — to all clients under contract buying a HUD property or using HUD financing this month.

Some 679 HUD homes are for sale in metropolitan Baltimore. The agency assumes ownership of homes when a lender is forced to foreclose on an FHA-insured loan.

Janice B. West, president of the Real Estate Brokers, said her members agreed to pick up the credit report costs to help clients who struggle to make the down payment and closing costs. Those upfront costs are typically among the greatest hurdles for first-time buyers.

Members of her association work with many minority clients who never realized they could qualify for a mortgage, Ms. West said. The rate of homeownership for minorities lags far behind the national rate of 64 percent — with 40 percent of African Americans and 43 percent of Hispanics owning a home.

"I think this will help," Ms. West said. "The low-income person will not be left out of the homeownership process."

San Francisco Chronicle
BAY AREA
AND CALIFORNIA
Sunday, June 4, 1995

Plan to boost homeownership

Clinton wants to stem downward trend with public, private actions

By Bradley Inman
and H. Jane Lehman
SPECIAL TO THE EXAMINER

The Clinton administration is expected to announce an ambitious plan Monday to boost the nation's homeownership rate to an all-time high of 67.5 percent within six years, reversing the downward trend of the past decade.

The national homeownership strategy, which President Clinton is scheduled to officially unveil at a White House news conference, is aimed at marshaling the resources of private housing groups to increase the homeowning prospects of lower-income, minority and immigrant households.

The homeownership rate among these populations is significantly less than the 64.2 percent rate for the country as a whole: only 43 percent of black households and 40 percent of Hispanic households, according to U.S. Census figures.

In California the homeownership rates for African American households is even lower.

According to the Census Bureau, the percentage of African American families owning homes in the state dropped from 39.6 percent to 36.5 percent between 1980 and 1990. During the same period the homeownership rate for Hispanic families in the state slumped from 42.4 percent to 40.4 percent.

By contrast, the percentage of white households owning a home in California grew from 59 percent to 60 percent during the 1980s.

"There is no question we have had slippage in the homeownership rate when it should have been increasing, so (the Clinton initiative) is a very important step in the right direction," said Joel Singer, executive vice president of the California Association of Realtors.

From 1940 to 1980, the overall homeownership rate grew from 43 to 65 percent, where it peaked and hovered before starting to slide in the mid-'80s.

A task force of public and private housing officials led by the Department of Housing and Urban Development has identified 100 actions to propel the homeownership rate higher than is likely to occur without intervention.

The tactics range from encouraging the construction of small starter homes, reforming local building regulations, curbing mortgage and property-casualty insurance discrimination and using computer technology to cut the costs of a mortgage and to disseminate information about ownership possibilities.

Many of the steps avoid promoting new laws or regulations. For example, steps to prevent discrimination in the mortgage and insurance industries call for voluntary marketing programs and alliances between government, consumers and businesses.

One exception is a recommendation to change U.S. tax law to permit first-time home buyers to use their IRA, Keogh and 401-K savings plans, without penalty, as down payments on homes.

The initiative, HUD Secretary Henry Cisneros said, will spark a "dramatic expansion of homeownership to include millions of families who today barely even dream of becoming homeowners."

Cisneros was in San Francisco Friday to dedicate a 58-unit cooperative housing project in the Diamond Heights neighborhood. With help from HUD, the two-story, 23-year-old apartment complex was converted from rentals to co-ops, giving the 58 tenants — largely minorities — an opportunity to own their own homes.

The White House homeownership plan does not require new government programs or new funds from Congress, according to a 20-page summary.

Instead, groups participating as partners in the homeownership strategy have signed voluntary pledges with HUD to implement the various actions through their own organizations.

If left to demographic and economic forces alone, the homeownership rate probably would go no higher than 65 percent by 2000, said Mark Obrinksy, senior economist for the Federal National Mortgage Association.

Similar to an effort undertaken by the U.S. Chamber of Commerce in the 1920s when the homeownership rate spurted upward, the orchestrated effort this time should add another 2.6 million homeowners on top of 5.4 million who would have joined the homeowning ranks anyway, he said.

While the 100 recommendations potentially could prompt some opposition within certain segments of the housing industry, controversies have not erupted.

A host of the recommendations discuss the deregulation of the housing industry. For example, several steps take aim at excessive government regulation that allegedly run up the cost of a new home.

The recommendations also promote small starter homes, noting that only 10 percent of recently built detached homes had less than 1,200 square feet.

Under the plan, starter homes will get special consideration in the permitting and inspection process and stock starter home plans will be drafted and disseminated.

Catasauqua couple to meet Clinton in White House today

By SUSAN SNYDER
Of The Morning Call

A Catasauqua couple who bought their house nearly two years ago through a special loan program for first-time owners are scheduled to meet with President Clinton at the White House this morning, just before he announces an initiative to boost the number of home owners in the country.

Jim and Mary Jane Anderson, of the 700 block of 2nd Street, flew to Washington D.C., yesterday afternoon and are scheduled to be one of five couples from around the country to participate in the news conference with Clinton this morning.

The Andersons, who have four children, purchased their house through the Home Ownership Outreach Program, known as HOOP, which makes it possible for low and moderate income families to buy a house without a large down payment.

Clinton is expected to announce an initiative at the news conference that will seek to add eight million additional homeowners by the year 2000. The plan is supposed to increase financing for home ownership and eliminate discrimination.

"I can't believe we're here. I can't believe this is happening," Mary Jane Anderson, 35, said in a telephone interview last evening from her Washington hotel room.

She said she and her husband, as well as couples from Florida, New Hampshire, Louisiana and Illinois, will speak with Clinton for 20 minutes before the news conference, which is supposed to air on national television around 11:15 a.m.

The Andersons initially were supposed to introduce Clinton at the press conference, but another couple who received a loan within the last year was selected at the last minute, Mary Jane said. She and her husband got their loan almost two years ago.

"They'll be a wonderful family to represent Pennsylvania and talk about home ownership," said Janis Geist, executive director of Allentown Neighborhood Housing Services, a private non-profit group that assisted the Andersons with the loan.

Please See HOOP Page B4 ▶

HOOP

▶Continued From Page B1

Geist's group administers HOOP. Families who meet the income guidelines need only $1,800 to buy a home — $1,500 for a down payment and $300 for the application, Geist explained. A family of four, for example, can have an income no higher than $34,400 to qualify, Geist said.

Banks lends 90 percent of the purchase price, and HOOP lends the remaining 10 percent plus all closing costs, she said. HOOP gets its funding from area city and county governments.

Geist's office was contacted on Friday by U.S. Department of Housing and Urban Development officials who were seeking an area family to visit Washington and represent the success of the HOOP program.

"They wanted a white family with Mom and Dad both working and some kids, a family that had to overcome some things to be able to realize their dream of home ownership," Geist said.

She did not know why the specifications were for a white family.

Geist said she thought of the Andersons. When she first called them on Friday, they thought it was a joke, she said.

"I thought she was calling for a payment," Mary Jane said. "I said, 'you got your check, didn't you!' "

When Geist told her the reason for the call, Mary Jane said she called her husband and the couple decided they would accept the invitation.

Mary Jane said she never suspected the family's struggle to buy a home would yield a meeting with the president. The Andersons rented a row home in Bethlehem for seven years before securing the HOOP loan in August 1993 and purchasing the four-bedroom house for $59,900.

"It was a dream come true for us," said Mary Jane, whose children range from age 3 to 16.

In the letter the Andersons wrote to the loan underwriting committee two years ago, they described the financial constraints they have faced:

Jim was forced to close his construction business in 1990 as the economy lagged. He got a job in another construction firm, but was laid off after six months.

The Andersons were running short on money while trying to support three children and awaiting the birth of a fourth. A local hospital was pressuring the couple to pay a couple of bills. They cashed in a life insurance policy to survive.

Jim Anderson, 40, then secured a temporary job at Liquid Carbonic of Bethlehem through Manpower Temporary Services and that turned into a permanent job.

Mary Jane works as a teller at Keystone Savings Bank in Northampton — the bank that gave the Andersons the loan. Keystone also gave Mary Jane $100 to buy herself a new suit for the meeting with Clinton. The federal government is paying for the couple's plane tickets, hotel room and meals.

Tuesday, June 6, 1995

THE PHILADELPHIA INQUIRER
COMMENTARY

Expanded home ownership means economic success and stability

By Neal R. Peirce

The federal government's new home-ownership initiative isn't a piece of legislation or an executive order. It's not a regulation, not a new office, not even an appropriation. Instead, it's a shared commitment to add eight million new home owners, to boost home ownership to an all-time high of 67.5 percent of American families, by the year 2000.

And while the Department of Housing and Urban Development is the initiator, the new National Partnership for Home Ownership includes more than 50 partners, public and private, federal, state and local. They range from Fannie Mae and Freddie Mac to the Neighborhood Reinvestment Corp. and its NeighborWorks network, from the Federal Housing Administration to Habitat for Humanity, from the American Bankers Association to the National Council of La Raza.

The pledge to reach 67.5 percent — up from today's 64.2 percent, exceeding the past peak of 65.6 percent set in 1980 — may lack the force of law. But its remarkably broad support base means it might just work. And if it does, the dividends could be remarkable.

Study after study is documenting the growing income inequalities in America. In 1993, the share of national income going to the richest fifth of households — 48.2 percent — was the highest ever recorded, the Center on Budget and Policy Priorities reports. At the same time, the shares of income going to the middle class and the poorest fifth dropped to the lowest levels on record.

The bedrock of American social stability and economic strength — a strong, secure middle class, with all Americans seeing realistic prospects to better their lot — is in real peril.

One healthy sign is that the financial services industry itself is starting to recognize it will face shrunken markets and opportunities unless ways can be found to sell mortgages to the millions now locked out — teachers and checkout clerks, nurses and librarians, policemen and assembly line workers, and especially minorities and immigrants.

Eighty-five percent of American households earning over $50,000 a year already own their own homes — but only 50 percent of those with $15,000-$25,000 incomes. Sixty-eight percent of whites own their own homes, but only 43 percent of blacks, 39 percent of Hispanics.

INX / FELIPE GALINDO

So while the market for selling still more mortgages to well-off families is clearly limited, success may come to bankers who find ways to loan successfully to immigrants, people of color and many customers who lack perfect credit histories.

The Neighborhood Reinvestment Corp. has been showing it can be done. Among the 10,000 low-to-moderate-income working families it's helped become home owners in the last two years, 57 percent are minorities, 43 percent households headed by women, 94 percent first-time buyers.

Specialized counseling, loan packaging and partnerships with local bankers have been necessary to make it work. And the initiatives just announced at the White House and subscribed to by the new partnership could help a lot. Examples:

Reduce the down payment hurdle through financing collaborations that trim the amount of cash a prospective home-owner needs up front.

Streamline the loan settlement process by computerizing to reduce paperwork and cutting burdensome cash settlement costs by as much as $1,000.

Make high-quality home ownership counseling available in every community, with a special eye to residents' languages and cultures.

The construction of small starter homes will be encouraged by the National Partnership for Homeownership. Such homes are now a tiny percentage of what the industry turns out. And the partnership will urge local governments to check out building codes, zoning and regulatory barriers for ways to trim costs and speed the home-ownership process.

In fact, there are already hundreds of programs operating to expand home ownership — many of them special local loan programs by banks responding to the federal Community Reinvestment Act.

Home ownership is most Americans' biggest single investment, their first step in the quest for financial stability. It means a more stable, economically successful country.

"Home ownership gives people a tremendous stake in their communities," says HUD Secretary Henry Cisneros. "It spurs them to become more involved in community life, strengthening the social fabric of America's neighborhoods."

If we add millions of home owners, we'll all be winners.

Neal R. Peirce writes on urban affairs.

LOCAL
The Herald

Miami Herald

SECTION B
MONDAY, JUNE 5, 1995

New program aimed at easing home buying

By FRANCES ROBLES
Herald Staff Writer

Red tape. Huge down payments. Hefty closing costs.

Those roadblocks to home ownership may soon be a thing of the past, President Clinton is expected to announce today.

The federal government is kicking off National Partners in Home Ownership, a group of 50 banking, Realtor and builder groups that have pledged to simplify home-buying. The aim: to get 8 million American families into homes in the next five years.

The coalition has come up with a list of 100 action items such as cutting closing costs, shortening the mortgage waiting period and making mortgage documents easier to understand.

"This will be a real united effort, not a thing where bankers are going one way, Habitat for Humanity going their way and HUD going the opposite way," said James H. Martin, the acting state coordinator for HUD. "We're going to remove the problems to home-buying."

It's unclear how the initiative will work on a local level. Several South Florida players said they know little about the program.

"I'm looking to hear more," said Shalley Jones, director of the area partnership office for the Federal National Mortgage Association, known as Fannie Mae. "My understanding is we weren't given details because HUD does not have them at this time."

Robert Pollack, director of Greater Miami Neighborhoods, said several key questions have not been answered. "How targeted will this be and what will the benefit be for low-income people? It's too soon to tell what is going to be different."

Clinton is scheduled to talk about the plan this morning by satellite feed at the groundbreaking of Jordan Commons, a 200-unit Habitat for Humanity complex in Homestead.

The Washington Times
PAGE A4 / TUESDAY, JUNE 6, 1995 ★★

White House seeks to help home buyers

ASSOCIATED PRESS

Before an audience of young, first-time home buyers, President Clinton yesterday detailed steps he said his administration is taking to make it easier for Americans to buy and finance homes.

"We'll make homeownership more accessible," Mr. Clinton said in an East Room ceremony that was fed by satellite to similar events in several dozen U.S. cities.

The administration's program is built around a coalition of government entities and banking, real estate and construction groups formed to simplify mortgage procedures and reduce closing costs.

The coalition came up with 100 recommendations, most of them calling for more study.

"Red tape will be cut, and aggressive steps will be taken to increase the supply of new, attractive, modest-size affordable homes for first-time buyers," said Housing and Urban Development Secretary Henry Cisneros.

Since 1980, homeownership has declined from 65.6 percent of all households to about 64 percent. The administration's goal is to increase homeownership by the end of the decade by roughly 8 million units, to 67.5 percent.

The strategy does not create new government programs or require federal money.

Some steps have already been taken.

Participating banks and financial organizations have agreed to reduce home-settlement paperwork and make the process simpler and more understandable for average buyers, administration officials said.

Participants on the construction side vowed innovations in housing design and construction technology to reduce the cost of building new homes and repairing existing ones.

San Francisco Chronicle
THE VOICE OF THE WEST

EDITORIALS

The American Dream

THE CLINTON administration's thoughtful new plan to increase home ownership in America is overdue. It costs taxpayers nothing, yet its implementation could bring benefits to individuals and the nation alike. It also represents the best kind of public-private partnership.

A boost in home ownership strengthens the economy by creating jobs and the need for more durable goods. It gives people a greater stake in their communities, making them better citizens.

Ownership plan outlines 100 actions that require no new federal funds

As Henry Cisneros, secretary of Housing and Urban Development outlined it to The Chronicle's Editorial Board, the "National Homeownership Strategy" consists of 100 specific actions that require no legislation — and no more federal money.

The strategy represents a partnership among such groups as Fannie Mae, Freddie Mac, the National Association of Home Builders, the National Association of Realtors, Habitat for Humanity, the U.S. Conference of Mayors and HUD.

Working together, their goal is to make it less expensive to buy, rehabilitate or build homes, make it easier for people to get mortgages and increase production of affordable homes.

Some ways to meet their goals would be to cut in half the waiting period for mortgage approvals by simplifying the mortgage-lending process; establish innovative, low-down-payment programs; reduce the cost of new single-family homes by advancing new designs and construction materials; expand counseling on buying a home for first-time buyers and reduce the amount of cash needed to buy a home by cutting mortgage closing costs.

President Clinton and Cisneros have set a formidable goal: increasing the rate of home ownership from about 65 percent to 67.5 percent — an increase of about 8 million new homes by the year 2000.

As Cisneros said, the benefits of reaching that goal would be significant. "Home ownership encourages savings and investment, promotes economic and civic responsibility, and is the primary means of wealth accumulation for most Americans."

L.V. residents laud U.S. homeowner aid

By PETE LEFFLER
Call Washington Bureau

WASHINGTON — President Clinton vowed yesterday to make homeowners of millions of Americans after hearing the good-luck stories of two Lehigh Valley couples.

Clinton outlined a voluntary, 100-step "National Homeownership Strategy" to help business, community and government groups reduce existing obstacles without creating bureaucracy or burning tax dollars.

Jean and Jim Mikitz, first-time buyers who moved into their East Allentown townhouse over Memorial Day, provided first-hand testimony at the campaign-style event in the ornate East Room.

"The process of purchasing a home is long, difficult and frightening," Jean Mikitz, 24, told Clinton and an audience of Al Gore, housing Secretary Henry Cisneros and the leaders of the nation's mortgage, banking and housing industries.

Clinton agreed, and vowed to move 8 million Americans into houses of their own by 2000. If successful, 67.5 percent of the public would own homes. That can be done, the president said, without new government growth or spending.

"This is the new way home for the American middle class," he declared.

Please See CLINTON Page A8 ▶

Associated Press

President Clinton gestures toward Jim and Jean Mikitz of Allentown yesterday in the East Room of the White House.

Program makes the road to home easier

By Jean Hopfensperger
Staff Writer

Estell Kennedy rented the same house for nearly 30 years. Then she did something that seemed as radical as a trip to the moon. She bought her own home in St. Paul.

As renters, Kennedy and her children couldn't plant a bush or hang up shelves in their government-subsidized house without approval. Suddenly, her family was on its own, confronted with a baffling new world of real estate, mortgages and finance.

So they enrolled in a program called HOME — Home Ownership Made Easy — that's tailored to help families with down payments, closing costs and low-interest mortgages. And just as important, it gives families counseling on finance and credit, as well as guidance while they buy a home and long after they become homeowners.

"I like the way Sue Didier [a counselor] was with us step by step," said Kennedy, who bought her Marshall Av. home with her three adult children. "We'd look at houses, we'd have meetings with Sue. She told us exactly how it would go."

Added daughter Judy Kennedy: "Renting for 30 years is a long time. Deciding to buy a house, you don't know what you're going through. There was a lot of stuff the realtor was telling us, but he wasn't explaining it. With Sue there, you got a better idea of what you were signing, what you were reading."

Counselors already have helped 100 families in St. Paul and 20 in Minneapolis buy homes and are working with others. On Saturday, the St. Paul program, which launched the experiment in 1990, held a celebration to recognize the 100th family to participate.

The organizers boast that their families have bought homes in "every ward in St. Paul," and only three families have defaulted on loans.

Although the program isn't specifically designed for people from minority groups, the vast majority of its clients are black or Southeast Asian, officials said. That's because they are disproportionately represented in public housing. The new homeowners' average income is about $21,000 a year.

HOME was developed by the St. Paul Public Housing Agency, along with the Minneapolis-St. Paul Family Housing Fund and St. Paul's Department of Planning and Economic Development. It was transplanted to Minneapolis two years ago.

"I think it's one of the strongest, most successful programs in which we've been involved," said Tom Fulton, president of the Minneapolis-St. Paul Family Housing Fund.

"Home ownership for low-income families has been an important national and community objective for a long time," he said. "The challenge has been to make sure low-income people are successful homeowners. So the challenge is to design programs that provide other kinds of support. This is a demonstration of how to do that."

Bill Paterson, spokesman for the Minneapolis Public Housing Authority, said the program also opens up existing public housing units for people on waiting lists.

And when the process of finding housing for the 300-some tenants from the Sumner-Olson housing project begins this fall, the HOME program will be one of their options, he said.

The biggest hurdles the families face are poor credit history, a lack of money for a down payment and low incomes, said Missy Thompson, director of Thompson Associates, which provides counseling and instruction for new homeowners.

But fixing those problems goes a lot deeper than just handing out money, she said.

"We develop a work plan designed to address the barriers of each family," Thompson said. "It may mean working through credit issues, waiting for that raise, getting that divorce that's been left hanging for years. Because in order to purchase a home, they need the divorce.

"Or it may be getting a GED, learning how to write a résumé or developing skills necessary to get a good-paying job."

The Kennedy family was almost able to buy a home by the time they enrolled in the program, she said. The three Kennedy children, Judy, 30, Darrell, 35, and Brenda, 29, had jobs and a steady income.

For their family, the biggest barrier was finding the right house and figuring out how to buy it, the Kennedys said.

"I love this house," Estell Kennedy said. "I finally feel like I'm getting something out of it. The money we put in goes to ourselves."

The Times-Picayune
•METRO•
NEW ORLEANS
SECTION B
A/B Tuesday, June 6, 1995

Coalition aims for easier hom e-buying

By COLEMAN WARNER
Staff writer

Pledging to turn millions of Americans into homeowners without increasing federal spending, President Clinton and dozens of organizations Monday announced an initiative to reduce obstacles faced by first-time home buyers.

The administration's program is built around a coalition of government entities and banking, real estate and construction groups formed to simplify mortgage procedures and reduce closing costs.

New Orleanians Lorriane and Eric Edwards, who recently bought a Gentilly house with the help of the non-profit group Neighborhood Housing Services, were among 10 couples invited to Washington for the announcement as examples of what such programs can accomplish.

"We are not the richest people nor the poorest people," Mrs. Edwards said before the announcement. "We're right in the middle, and for some time we've been penalized for earning too much to qualify for some programs or too little to qualify for some of the loans. It's important to give moderate-income homeowners a chance."

Speaking via satellite to gatherings in New Orleans and several dozen other cities, Clinton administration officials said 50 organizations and agencies have agreed to take steps to make buying a home easier and less costly for moderate-incom

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stem in part from alarm over a dip in the percentage of American households owning their home, from 65.6 in 1980 to 64 percent in 1990, a turnaround from a four-decade trend of increasing home ownership. In Louisiana, however, home ownership increased slightly between 1980 and 1990, from 65.5 percent to 65.9 percent, census reports show.

The new housing initiative is

See BUYING, next page

CONTINUED . . .

Buying: It might get easier

From B-1

designed to strengthen ties among agencies serving home buyers and to encourage use of ideas that have proven successful in some markets.

Organizations ranging from the National Urban League to Habitat for Humanity to the Mortgage Bankers Association of America are participating. Locally, the effort is coordinated by Byron Duplantier, director of the Department of Housing and Urban Development single-family program.

Partnership members hope to add 8 million homeowners by the year 2000, increasing the ownership rate to 67.5 percent. A HUD report lists 100 steps that could be taken to achieve the goal.

They include:

▶ Urging lending institutions to reduce down payment demands. Government loan guarantees and counseling for home buyers make it feasible for lenders to ease their rules.

▶ Encouraging creation of clubs and employer-subsidized plans that help families save money for down payments and closing costs.

▶ Lobbying for removal of tax penalties for withdrawal of money from retirement accounts when money is used for a down payment.

▶ Testing real estate sales people to determine if their methods discriminate against African-American and Hispanic buyers.

▶ Increasing research in how to improve manufactured homes and standardizing warranties covering the homes and their installation.

Washington bureau reporter Bruce Alpert contributed to this report.

THE WASHINGTON POST

THE FEDERAL PAGE

Clinton Pushes 'Homeownership Strategy'

In Era of Reduced Government, Administration Stresses Private Sector

By John F. Harris
Washington Post Staff Writer

Surrounded by young couples who recently bought first homes, President Clinton yesterday said he wants the nation to increase the rate of ownership to an all-time high of 67.5 percent within five years and unveiled a list of "100 specific actions" that he boasted could achieve that goal but "not cost taxpayers one extra cent."

One reason the recommendations under the "National Homeownership Strategy" will cost nothing is that many of them are vague calls for further study. Others are grandiose but unenforceable declarations that housing organizations should modernize their procedures or better disseminate information.

If anything, yesterday's event at the White House—"America's finest public housing," as Clinton jokingly described his residence in an East Room ceremony—showed how federal housing efforts have entered an era of limits. Unlike the large housing programs of the sort that flourished in the 1960s and 1970s, these initiatives were touted by Vice President Gore as an example of how Clinton has helped "reinvent the government" and that "helping homeowners does not necessarily require new government programs or new funds from Congress."

The recommendations in the "National Homeownership Strategy" were produced by the Department of Housing and Urban Development as part of a partnership with numerous private groups such as the American Bankers Association and the National Association of Counties, as well as with government-chartered firms such as the Federal National Mortgage Corp. (Fannie Mae) and the Resolution Trust Corp.

Clinton boasted that the administration's homeownership strategy is designed to produce 8 million new homeowners by 2000, boosting the rate to 67.5 percent from the current level of about 64 percent.

Homeownership rates rose for decades—in part because of subsidized loan programs sponsored by the Federal Housing Administration, the Veterans Administration and other agencies—from 43.6 percent of all households in 1940 to a high of 65.6 percent in 1980, according to materials released by the White House. During the 1980s, that rate slipped a shade but has nudged up slightly since 1993. Clinton said it needs to go higher still.

> *"Helping homeowners does not necessarily require new government programs."*
>
> — Vice President Gore

"Want to reinforce family values in America, encourage two-parent households, get people to stay home?" he asked. "Make it easy for people to own their own homes and enjoy the rewards of family life and see their work rewarded."

"This is a big deal," he said. "This is about more than money and sticks and boards and windows; this is about the way we live as a people and what kind of society we're going to have."

Clinton was introduced by an Allentown, Pa., couple—bookkeeper Jean Mikitz, 24, and her husband, Jim, 21, an auto mechanic.

They recently bought a $58,000 home with an FHA loan, but faced numerous hurdles, including closing fees that were about $1,000 higher than they expected. Publicity materials handed out by the White House said the National Homeownership Strategy would "cut closing costs and down payment requirements."

When an administration official was asked later which of the "100 specific actions" presented by Clinton would have helped the Mikitz family, he cited measures that were either still in the formative stage—"the partnership should identify and promote effective methods of saving for homeownership"—or would require Congress to pass changes in the tax code that would reduce revenue, such as revising the tax penalty for early withdrawal from Individual Retirement Accounts.

Some actions were offered in dense, bureaucratic language. "To promote affordable housing ... for low- and moderate-income families," one passage said, "members of the partnership should utilize problem-solving, consensus-building, and mediation techniques to achieve multijurisdictional agreements for acceptance and development of affordable housing."

Housing groups join homeownership promotion

By RICHARD BRACK
REGISTER BUSINESS WRITER

Leaders of Iowa housing groups Monday signed on to a new presidential initiative designed to create 92,000 new homeowners in the state by the year 2000.

President Clinton unveiled the voluntary program Monday, promising to get public and private groups working together to make it easier for families to buy homes. His goal for the nation: 8 million new homeowners by the turn of the century.

"This is the new way home for the American middle class," Clinton said.

Monday's White House ceremony was fed by satellite to similar events in dozens of cities. In attendance at the Des Moines meeting were representatives from the coalition of government entities and banking, real estate, construction and community groups the White House wants to work together to simplify mortgage procedures, reduce closing costs, and increase affordable housing.

The plan, known as the National Homeownership Strategy, includes 100 recommendations for making those things happen. Patrick Liao, division director in the Federal Housing Administration's Des Moines office, said the items were grouped in three broad categories:

- Cutting costs of loan production and financing.
- Opening markets by reducing barriers to financing.
- Expanding opportunities through education and outreach.

The list includes ideas for innovative financing arrangements, changes in home construction techniques, and zoning laws. The administration estimates that if the recommendations are implemented, the U.S. homeownership rate will rise to 67.5 percent by the turn of the century. Today, the rate is about 64 percent.

Members of Iowa groups at the meeting said that while Iowa already has numerous innovative home buying programs, the coalition was welcome as an avenue to coordinate education and other efforts. Others said they hoped the group could also work together toward an increase in rural housing as well as cutting paperwork and regulatory burdens that increase costs.

Iowa groups represented were the Iowa Mortgage Bankers Association, Iowa Association of Realtors, Home Builders Association of Iowa, Federal Housing Administration, Veterans Administration, Iowa Finance Authority, Rural Economic & Community Development, Iowa Bankers Association, Iowa League of Savings Institutions, and the Neighborhood Finance Corp.

Liao called for the group to continue to meet every four or six months.

Des Moines Register, 6/6/95

MINNEAPOLIS STAR TRIBUNE JUN 04 1995

Programs aim to help mor people buy homes

By Wayne Washington
Staff Writer

All seems to be well on the Minnesota home front — at first glance, that is.

Minnesota ranks second in the nation behind West Virginia in its rate of homeownership. About 72 percent of Minnesotans own their homes, well ahead of the national average of 64 percent.

But for minorities in Minnesota — particularly blacks — the dream of owning a home often remains just that.

While 1990 U.S. Census figures show that 73 percent of white Minnesotans own their homes, only 38 percent of the state's minorities do. Blacks are at the bottom, with just 31 percent.

Housing officials offer various reasons that the gap is so large. And now, they're offering a variety of plans that could reduce it.

On Wednesday, the Federal National Mortgage Association, known as Fannie Mae, announced a $6 billion plan to help more Minnesotans buy homes. On Monday, President Clinton and Henry Cisneros, secretary of the Department of Housing and Urban Development (HUD), will officially announce another plan during speeches delivered via satellite at the University of St. Thomas in St. Paul.

Both plans are aimed at improving homeownership opportunities for low- and middle-income Minnesotans. More Minnesotans fall into the middle-income range than any other, census figures show. But a far higher percentage of minorities in Minnesota lives below the poverty line when compared with whites.

Aaron Dorfman, head organizer of the Minnesota branch of the Association of Community Organizations for Reform Now (ACORN), said the homeownership plans actually are new twists on existing programs.

Still, Dorfman said, any attempts to increase homeownership opportunities in Minnesota are welcome — and badly needed. "I think for years and years, there's been massive discrimination and redlining of low-income communities," he said. "That's why we're doing this work."

Dan Hardy, general counsel for the Mortgage Bankers Association of Minnesota, said there are several reasons the rate of homeownership for minorities is so low.

Homeownership continued on page 5B

"In many minority cultures, people have never owned their own home," he said. "Their mother or father has never owned a home. They simply assumed that homeownership is not something that's open to them."

Economic factors also play a role, Hardy said.

"There may be credit problems," he said. "And a down payment remains a big stumbling block."

That's where the new plans come in.

The Fannie Mae plan, called HouseMinnesota, is designed in part to help people buy homes with less money down — as little as 3 percent for those who meet certain criteria.

By the end of the year, Fannie Mae also plans to introduce programs designed to increase homeownership opportunities for American Indians. About 43 percent of American Indians own their homes in Minnesota.

The initiative that will be announced by Clinton and Cisneros isn't aimed at any particular minority group. Instead, HUD said Clinton will set a goal of 8 million more homeowners in the nation by the year 2000. That would mean about 160,000 more homeowners in Minnesota, HUD says, because Minnesota is usually asked to meet 2 percent of national HUD goals.

But even while HUD and Fannie Mae are rolling out their programs, Republicans in Congress are trying to limit federal regulation designed to force lenders to make loans to members of their communities.

...me industry officials say th... sponsored by Rep. Doug Bere... Neb., would weaken the Com... Reinvestment Act. That bill, w... working its way through the ... also would significantly decre... number of lenders required t... records on those to whom ... made. Without that data, it wo... more difficult to determine ho... ten minorities are turned dow... loans, some housing officials say.

Certainly, many overworked re... tors and small- to medium-s... lenders won't be upset to see ... reinvestment act revised, but E... man says he thinks it would ... mistake — especially now.

"Some politicians are starting to r... ize that if you give people a chanc... own their own home and really ... vest in their communities, they ... less likely to tear it down for pu... people," Dorfman said.

Once that faith was shaken.

John Ritter remembered accompanying his mother once to show a black family a home in East Hartford. The whole neighborhood showed up.

"And it wasn't the Welcome Wagon," he said.

They rocked the car and threw rocks.

"It's taken me as an adult to appreciate my mother's love and courage," Penn Ritter said.

He also recalled that older brother Tom Ritter, speaker of the state House of Representatives, helped his mother work out the percentages when she made out the loans.

"It's one of the most prestigious nonprofit groups in the state," said Mary Lou Crane, regional administrator for New England for the U.S. Department of Housing and Urban Development.

She has been living in Boston for a year and a half, and said that it pains her to see Hartford still struggling.

"I feel very sad that Connecticut continues in a real estate decline," she said. "Real estate is very prosperous in the Boston area."

Henry Cisneros, secretary of the U.S. Department of Housing and Urban Development, has targeted Hartford as one of about six cities HUD is working with to improve the quality of its housing.

Today President Clinton will announce his goal of 8 million new homeowners by the year 2000, Crane said. That would put home ownership from 64 percent nationally to 67.5 percent. Hartford's ownership is at 23 percent.

Ted Kennedy Jr. was at the party because of his interest in lead-free housing. A part-time law student at the University of Connecticut, Kennedy is director of the Lead-Safe Home and Community Health Project at Yale Medical School.

"We've come up with innovative financing and emergency housing resources that can be used for lead abatement," he said.

"A number of area banks and insurance companies are interested because of the liability issues," he said.

Tom Callahan, asssistant vice president, corporate public involvement, at Aetna Life & Casualty Co., accepted an award on behalf of Aetna, but he gave most of the credit to Bill Russell, a real estate consultant to Aetna and former vice president, who also was honored.

"Bill provided leadership and helped persuade us it's important to open up the housing market," Callahan said. "Corporations act through individuals, and Bill Russell's face has been all over affordable housing for the last two decades."

Another prominent award was given to Collin Bennett, chairman of the Hartford Redevelopment Agency.

William LaPorte was vice president and investment officer of Connecticut General when CG and other companies loaned $5 million to CHIF. LaPorte is still a member of its board, and was at the party with his wife, Justine LaPorte, a regent at University of Hartford.

"The old problem was that the black community was shut out of housing," he said. "Now the problem is to see that those in the city have good houses. One of the most interesting things about CHIF has been its flexibility to meet changing needs."

And now, may we re-Ritter-ate here before closing?

We found out that Tom Ritter is not the only family celebrity. Incidentally, he was doing his civic duty and was at the legislature instead of the party. Another son, Scott Ritter, is a professor of literature, teaching at a college in Japan, and didn't make the global swing.

But a new Ritter is here, or rather, an old one is back. Sole sister Martha Ritter lived in Manhattan for years, pursuing her acting career. She did a Jell-O commercial, one for Wisk (yes, it was "Ring Around the Collar") and a shower scene for Ban deodorant.

But a chance meeting on the streets of New York with an old boyfriend, now banker Warren Chase, changed all that.

Martha had dated Chase when she was at Radcliffe and he was at Harvard. Life took them different ways. But last year, they married and are moving to West Hartford where she will work on her novel.

And presumably Chase will Wisk his own collars.

New program to help homebuyers

St. Paul (AP)

President Clinton and Housing and Urban Development Secretary Henry Cisneros will announce a program today aimed at helping low- and middle-income Minnesotans buy homes.

Clinton and Cisneros will present details of the initiative during speeches delivered via satellite to the University of St. Thomas in St. Paul.

The HUD program is expected to increase homeownership by 60,000 in Minnesota and 8 million nationally by the year 2000.

Minnesota ranks second in the nation behind West Virginia for the percentage of people who own homes.

About 72 percent of Minnesotans own homes, while the national average is 64 percent.

But homeownership for minorities in Minnesota is low. Only 38 percent of minorities in Minnesota live in homes that they own, including 31 percent of blacks, according to 1990 U.S. Census figures.

The HUD program is aimed at reducing that gap between minorities and whites.

Dan Hardy, general counsel for the Mortgage Bankers Association of Minnesota, said several factors account for low homeownership among minorities.

"In many minority cultures, people have never owned their own home," he said. "Their mother or father has never owned a home. They simply assumed that homeownership is not something that's open to them."

He said minorities also have trouble getting credit and securing down payments.

The plan is the second to be announced in the last week. The Federal National Mortgage Association, known as Fannie Mae, announced Wednesday a $6 billion plan to help people buy homes.

Aaron Dorfman of the Minnesota branch of the Association of Community Organizations for Reform Now said both programs are badly needed.

"I think for years and years, there's been massive discrimination and redlining of low-income communities," Dorfman said. "That's why we're doing this work."

The Forum, Fargo, ND, Monday, June 5, 1995, Page A-9

St. Paul Pioneer Press, Monday June 5, 1995 Regional News (local AP story)

REGION

Housing plan aimed at minorities in state

■ Clinton and Cisneros to announce details of new HUD program

ASSOCIATED PRESS

ST. PAUL

President Clinton and Housing and Urban Development Secretary Henry Cisneros will announce a program today aimed at helping low- and middle-income Minnesotans buy homes.

Clinton and Cisneros will present details of the initiative during speeches delivered via satellite to the University of St. Thomas in St. Paul.

The HUD program is expected to increase home ownership by 160,000 in Minnesota and 8 million nationally by 2000.

Minnesota ranks second in the nation behind West Virginia in the percentage of people who own homes. About 72 percent of Minnesotans own homes, while the national average is 64 percent.

But home ownership among minorities in Minnesota is low. Only 38 percent of minorities in Minnesota live in homes that they own, including 31 percent of blacks, according to 1990 U.S. Census figures.

The HUD program is aimed at reducing the gap between minorities and whites.

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Metro/Region

Star Tribune
Sunday
June 4/1995
Please read and recycle 1Bw

Programs aim to help more people buy homes

By Wayne Washington
Staff Writer

■ The new programs: On Wednesday, Fannie Mae announced a $6 billion plan to help Minnesotans buy homes. On Monday, President Clinton and HUD's Henry Cisneros are expected to unveil a second plan intended to increase homeownership by 8 million nationally by the year 2000.
■ The existing HOME program has helped scores of low-income families buy homes – including many in the Twin Cities – leading them step by step through the process. Page 5B.

All seems to be well on the Minnesota home front — at first glance, that is.

Minnesota ranks second in the nation behind West Virginia in its rate of homeownership. About 72 percent of Minnesotans own their homes, well ahead of the national average of 64 percent.

But for minorities in Minnesota — particularly blacks — the dream of owning a home often remains just that.

While 1990 U.S. Census figures show that 73 percent of white Minnesotans own their homes, only 38 percent of the state's minorities do. Blacks are at the bottom, with just 31 percent.

Housing officials offer various reasons that the gap is so large. And now, they're offering a variety of plans that could reduce it.

On Wednesday, the Federal National Mortgage Association, known as Fannie Mae, announced a $6 billion plan to help more Minnesotans buy homes. On Monday, President Clinton and Henry Cisneros, secretary of the Department of Housing and Urban Development (HUD), will officially announce another plan during speeches delivered via satellite at the University of St. Thomas in St. Paul.

Both plans are aimed at improving homeownership opportunities for low- and middle-income Minnesotans. More Minnesotans fall into the middle-income range than any other, census figures show. But a far higher percentage of minorities in Minnesota lives below the poverty line when compared with whites.

Aaron Dorfman, head organizer of the Minnesota branch of the Association of Community Organizations for Reform Now (ACORN), said the homeownership plans actually are new twists on existing programs.

Still, Dorfman said, any attempts to increase homeownership opportunities in Minnesota are welcome — and badly needed. "I think for years and years, there's been massive discrimination and redlining of low-income communities," he said. "That's why we're doing this work."

Dan Hardy, general counsel for the Mortgage Bankers Association of Minnesota, said there are several reasons the rate of homeownership for minorities is so low.

Homeownership continued on page 5B

continuation of Saturday June 4, 1995 Star Tribune story by Wayne Washington

Continued from page 1B

"In many minority cultures, people have never owned their own home," he said. "Their mother or father has never owned a home. They simply assumed that homeownership is not something that's open to them."

Economic factors also play a role, Hardy said.

"There may be credit problems," he said. "And a down payment remains a big stumbling block."

That's where the new plans come in.

The Fannie Mae plan, called House-Minnesota, is designed in part to help people buy homes with less money down — as little as 3 percent for those who meet certain criteria.

By the end of the year, Fannie Mae also plans to introduce programs designed to increase homeownership opportunities for American Indians. About 43 percent of American Indians own their homes in Minnesota.

The initiative that will be announced by Clinton and Cisneros isn't aimed at any particular minority group. Instead, HUD said Clinton will set a goal of 8 million more homeowners in the nation by the year 2000. That would mean about 160,000 more homeowners in Minnesota, HUD says, because Minnesota is usually asked to meet 2 percent of national HUD goals.

But even while HUD and Fannie Mae are rolling out their programs, Republicans in Congress are trying to limit federal regulation designed to force lenders to make loans to members of their communities.

Some industry officials say that a bill sponsored by Rep. Doug Bereuter, R-Neb., would weaken the Community Reinvestment Act. That bill, which is working its way through the House, also would significantly decrease the number of lenders required to keep records on those to whom loans are made. Without that data, it would be more difficult to determine how often minorities are turned down for loans, some housing officials say.

Certainly, many overworked regulators and small- to medium-sized lenders won't be upset to see the reinvestment act revised, but Dorfman says he thinks it would be a mistake — especially now.

"Some politicians are starting to realize that if you give people a chance to own their own home and really invest in their communities, they are less likely to tear it down for other people," Dorfman said.

Clinton focuses on experiences of local couples buying homes

▶Continued From Page A1

Jim and Mary Anderson of Catasauqua were among 10 couples Clinton hosted and pointed out as people who recently overcame obstacles to buy homes.

"We have to remember that there are millions of people just like them who believe that home ownership is out of reach," Clinton said. "They may be paying monthly rents that could cover a mortgage payment. They may scrape to save, but a down payment is still out of reach.

"They are locked out by rigid restrictions or by a house-buying system that, as Jean said, is too difficult or too frightening. And that's not right."

The Mikitzes used a program promoted heavily by Allentown that allowed them to mortgage $11,000 in up-front repair costs that included a new roof, siding, wiring and carpeting.

"We knew we could afford a mortgage," said Jean Mikitz, who put the couple's joint income at $56,000. "It was just: How do you save the [down payment] money when you have two children? We got lucky."

Mikitz said she read about the program in a newspaper after months of fruitless house-hunting. Using it, they found a place in April and bought it the following month.

Although available for decades, the so-called "203k" program didn't work until Clinton overhauled it after talking with lenders, according to Michael M. Rosenfeld, executive director of the Allentown Redevelopment Authority.

Now, Rosenfeld said, it's perfect for a city with an overstock of fixer-uppers and with buyers like the Mikitzes, the first family to close a deal under it in the city.

"It is almost as if this program was designed for the City of Allentown," he said.

Alan Jennings, executive director of the Community Action Committee of the Lehigh Valley, said the Clinton administration has been helpful in easing regulations to make private credit more available for such projects.

"Now banks are more anxious to make loans" to middle-class citizens with temporary credit problems, often caused by turmoil in today's changing economy, Jennings said.

The Andersons, who have four children aged 3 to 16, said they faced just such a problem after Jim, 40, was laid off. They used the separate Home Ownership Outreach Program, run locally by the Allentown Reinvestment Corp.

It provided 100-percent financing: 90 percent through a conventional mortgage and 10 percent at a taxpayer-subsidized rate of 3 percent. They needed $1,300 of their own to close the deal.

Mary Anderson, 35, a teller at the Northampton branch of Keystone Savings Bank, enrolled after learning of the program from a brochure at work.

Coursework taught them about the home-buying process and helped them restore their credit, which had been damaged by late payments of bills, Anderson said. They settled on their house two years ago this August.

"We couldn't have done it without [help]," Anderson said.

"This is a big deal," Clinton said, tying home ownership to urban revival. "This is about more than money and sticks and boards and windows. This is about the way we live as a people and what kind of society we're going to have."

Mitlitz agrees. She said in her speech: 'We are glad that you, Mr. President, are trying to make it easier for first-time home buyers.'

Phone calls led locals to confab with Clinton

By PETE LEFFLER
Call Washington Bureau

WASHINGTON — The dream of home ownership plopped Jean Mikitz of Allentown into a fantasy setting yesterday as she addressed a White House ceremony promoting programs for fellow first-time buyers.

How did she get there?

The 24-year-old bookkeeper at Highway Marine Service, Richland Township, and her husband, Jim, 21, a mechanic at PMH Auto Sales, Allentown, aren't exactly sure.

But at least two Lehigh Valley residents had a hand in the extraordinary fete, interviews yesterday showed.

The couple's lender, J. Robert Barrett, president of Mortgage America Inc., Allentown, said he passed their name along when the Department of Housing and Urban Development (HUD) telephoned looking for someone who had completed a certain home ownership program.

"Immediately, [Jean] Mikitz came to mind," Barrett said. "She's glib, cool and has a lot of spunk."

Michael M. Rosenfeld, executive director of the Allentown Redevelopment Authority, had a similar encounter. Regional HUD director Karen Miller, a former Reading mayor, asked him for a candidate on Friday.

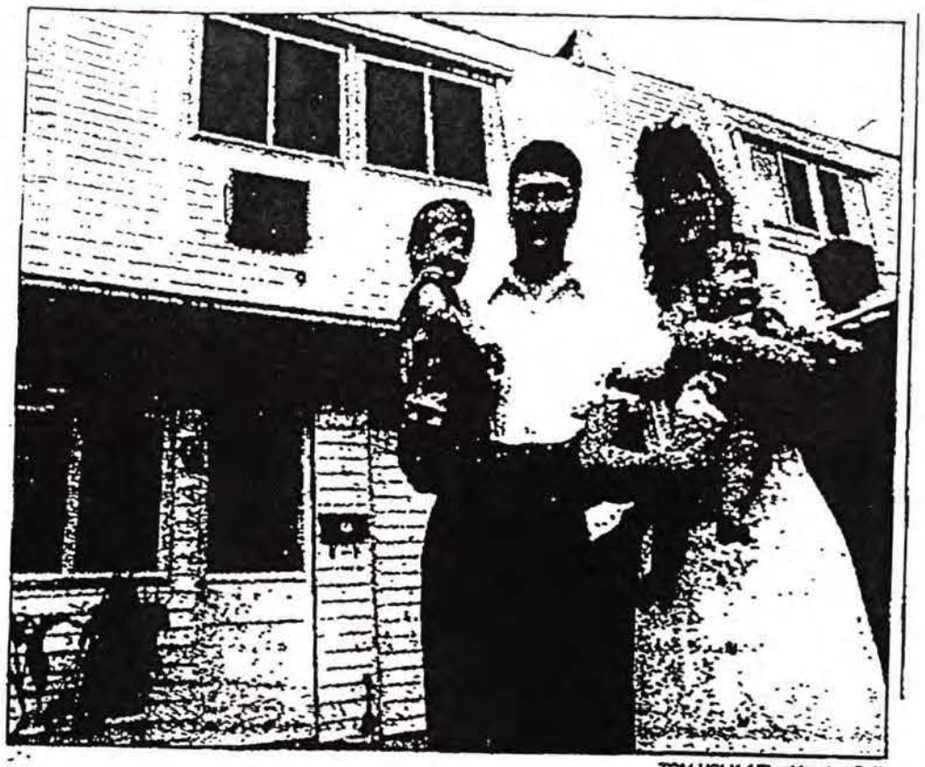
A day earlier, Rosenfeld said, he had eyeballed the redone Mikitz home as a potential site for a press conference next week with Allentown Mayor Bill Heydt, who is expected to announce extra funding for the so-called "203k" program used by the couple.

"This was a natural," Rosenfeld said. "When they asked for a suggestion, I said this family... There was no massive investigation or anything like that."

From the Mikitz's perspective, their odyssey began Friday evening with unexpected, back-to-back telephone calls from their real estate broker and then a government official.

On Saturday, Jean Mikitz was asked to speak at the ceremony and introduce the

Please See CALLS Page A8 ▶



TOM VOLK / The Morning Call

Jim and Jean Mikitz hold their children, Donovan, 2½, and Kaylin, 6 months, in front of their home on North Gilmore Street in Allentown.

CALLS

▶Continued From Page A1

president. She and her mom, Kathy Henry, also of Allentown, spent five hours at Lehigh Valley Mall buying a dress.

"She said she wants to look decent," Henry said. "She was meeting the president. The clerk at J.C. Penney probably thought we were lying to her. Or crazy."

By Sunday night, Mikitz was sick with worry, her mother said. On Monday morning, she and Jim flew to Washington. Hours later, she read the speech she'd written to Clinton and perhaps 300 dignitaries in the White House.

Mikitz spoke in a clear, if halting, voice. Jim Mikitz was at her side as she stood before the presidential podium. "Look at it this way," Clinton said when she finished. "All your other speeches will be easier now."

Meanwhile Jim and Mary Anderson of Catasauqua were offered to a Washington caller with predetermined criteria, said Carol Molo, administrative assistant for Allentown Neighborhood Reinvestment Corp.

"They wanted a white family where both members worked who had minor [financial] problems they had to address before qualifying" for a government-backed low-interest mortgage, Molo said.

Of 32 cases in Lehigh and Northampton counties so far, the Andersons best fit the description, Molo said.

Of those accounts that have closed on homes, nine loans went to single white mothers, nine went to Latino families, seven went to white couples with children and two went to single black mothers, Molo said.

Of 10 couples invited to the White House from around the nation, about half were white.

U.S. Department of Housing and Urban Development

Shreveport Office, Southwest Area
401 Edwards Street
Suite 1510
Shreveport, La 71101-3289

The Times
SHREVEPORT ■ BOSSIER CITY ■ ARK-LA-TEX

SUNDAY, JUNE 4, 1995

HOUSING

Homeownership fair set for Friday

A Homeownership Fair and Seminar is scheduled from 12:30 to 4 p.m. Friday at LSU-Shreveport.

It will include exhibitors from mortgage companies, title companies, HUD, Farmers Home, Homebuilders and others. A message from President Bill Clinton concerning National Homeownership Day will begin the seminar. Topics to be covered include discussion of HUD's minimum property standards, credit eligibility requirements, selling HUD Homes, 203 (K) Rehabilitation Program and Fair Housing.

The seminar is open to any real estate agents. Registration is being handled through the local HUD office, 401 Edwards, Suite 1510 in Shreveport.

BUSINES
THE CLARION-LEDGER ■ JACKSON, MISSISSIPPI
5B
TUESDAY, JUNE 6, 19

State joins national effort to raise homeownership

■ HUD program hopes to produce 8 million new homeowners by 2000.

By Hue Ha
Clarion-Ledger Business Writer

Mississippi housing organizations are joining the federal government in an initiative to expand homeownership in America, especially for minorities and lower-income households.

The National Homeownership Strategy, prepared by the U.S. Department of Housing and Urban Development, aims to increase the U.S. ownership rate to an all-time high of 67.5 percent — up to 8 million more homeowners by the year 2000.

"Achieving this goal will not require new government programs or new funds from Congress," said Tom Cooper, acting state coordinator of HUD's Mississippi office. "Local, state and national groups will take steps to make it less expensive to buy a home, easier to get a mortgage and work toward eliminating obstacles to homeownership."

President Clinton said federal taxes will not be raised "an extra cent" for this program.

From the end of World War II to 1980, homeownership rose steadily, from 50 percent of all households to 65.6 percent, according to HUD.

After 1980, the rate dropped to about 64 percent. While the rate began rising in 1993, it is still below the 1980 peak.

Homeownership has been more difficult for minorities, lower-income households and families with children. In 1993, 43 percent of all black people and 40 percent of all Hispanics were homeowners, compared with 70 percent of all white families.

At 71.5 percent, Mississippi's homeownership rate is above the national average and the program's goal.

But Cooper said those numbers may not accurately reflect the state's need to increase home ownership.

According the Mississippi Home Corp.'s figures, rural Jasper County leads the state at 88.3 percent.

Urban areas such as Hinds County and Harrison County have below average rates of 61.6 percent and 61.4 percent.

Cooper said rural areas have fewer rental properties available, so people are forced to buy, and the housing may be below national standards.

The state HUD office is now forming local partnerships to begin the program.

Barbara Gross, president of the Mortgage Bankers Association for Mississippi, said her group certainly endorses the program.

"The areas we are going to focus on is education, helping people understand the process, seeing what's available and streamlining the process," said Gross, a Deposit Guaranty Mortgate Co. vice president.

The president mentioned that mortgage loan process, which can take three or four weeks to complete, needs to be simpler, she said. "That's what we look for. We only do what (the government) asks as far as qualifying somebody."

DAILY JOURNAL OF COMMERCE, Seattle, WA
Tuesday, June 6, 1995 (Page 1)

National

Clinton's plan for young homebuyers

WASHINGTON (AP) — Before an audience of young, first-time home buyers, President Clinton on Monday detailed steps he said his administration is taking to make it easier for Americans to buy and finance homes.

"We'll make home ownership more accessible," Clinton said in an East Room ceremony that was fed by satellite to similar events in several dozen U.S. cities.

The administration's program is built around a coalition of government entities and banking, real estate and construction groups formed to simplify mortgage procedures and reduce closing costs.

The coalition came up with 100 recommendations, most of them calling for more study.

"Red tape will be cut and aggressive steps will be taken to increase the supply of new, attractive, modest-size affordable homes for first-time buyers," said Housing Secretary Henry Cisneros.

Since 1980, home ownership has declined from 65.6 percent of all households to about 64 percent. The administration's goal is to increase home ownership by the end of the decade by roughly 8 million units, to 67.5 percent.

The strategy does not create new government programs nor require federal money.

Some steps have already been taken, including a relaxing of federal escrow requirements so that mortgage closing costs can be reduced.

Participating banks and financial organizations have agreed to reduce home-settlement paperwork and make the process simpler and more understandable for average buyers, administration officials said.

Participants on the construction side vowed innovations in housing design and construction technology to reduce the cost of building new homes and repairing existing ones.

Noting the presence of young couples in the audience who had just bought homes, Clinton said, "We have to remember that there are millions of people just like them who believe that home ownership is out of reach."

"This is the new way home for the American middle class," he said.

BURRELLE'S NewsExpress

The Detriot News

June 6, 1995

DETROIT NEWS JUN 0 6 1995

Clinton details plan on easier home buying

By Tom Raum
Associated Press

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"This is the new way home for the American middle class," he said.

—THE CAPITAL, Tuesday, June 6, 1995

Housing groups aid community

BALTIMORE (AP) — Woodland Village in Indian Head is a small community buzzing with activity, electric saws and dreams.

To become homeowners, 30 families are contributing $20,000 each worth of manual labor toward the construction of their new homes. The federal Rural Housing and Community Development Service has put up more than $2.5 million in loans for the families. And a Maryland nonprofit organization has provided a $414,000 grant to teach the owners how to build their dwellings.

The result is affordable homes for families making between $14,000 and $24,000 a year.

"This is a place that embodies the realization of the American dream of home ownership," said Maureen Kennedy, administrator of the Rural Housing and Community Development Service who visited Woodland Village yesterday to mark the start of President Clinton's National Home Ownership Strategy.

Clinton's goal is to use programs such as Woodland Village and help 8 million first-time home buyers purchase a house by 2000, pushing the national homeowner rate to an all-time high of 67.5 percent.

In Maryland, 65 percent of residents owned their homes in 1990, the latest year figures are available, according to Jim Kelly, an economist with the state office of the U.S. Department of Housing and Urban Development. That's slightly above the national average of 64.2 percent for the same year.

In Baltimore, home ownership has risen slowly over the last 20 years, bucking a national trend in which home ownership declined throughout the 1980s. In 1990, 44.3 percent of city residents owned homes, up from 43.9 percent in 1980.

To boost home ownership in Maryland, Candace Simms, single family housing director for the state HUD office, said the federal organization will form partnerships with several realtor and mortgage organizations to cut closing costs, educate buyers about the purchasing process and speed up loan approvals.

For example, the Real Estate Brokers of Baltimore Inc., a minority trade organization, has teamed with the state HUD office to provide free mortgage credit reports this month to clients under contract buying HUD property or using HUD financing this month.

Even though credit reports are about $55, they're one of the many costs associated with buying a house, said Janice B. West, president of the Real Estate Brokers of Baltimore.

"For a lot of people, any dollar that you can get is a dollar that will help," Ms. West said.

BURRELLE'S NewsExpress

THE ORANGE COUNTY Register

June 6, 1995

Clinton details housing plans

HOUSING: 'We'll make home ownership more accessible,' president vows.

By TOM RAUM
The Associated Press p. BUS. 3

WASHINGTON — Before an audience of young, first-time homebuyers, President Clinton on Monday detailed steps he said his administration is taking to make it easier for Americans to buy and finance homes.

"We'll make home ownership more accessible," Clinton said in an East Room ceremony that was fed by satellite to similar events in dozens of U.S. cities.

The administration program is built around a coalition of government entities and banking, real estate and construction groups formed to simplify mortgage procedures and reduce closing costs.

The coalition came up with 100 recommendations, most of them calling for more study.

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Since 1980, home ownership has declined from 65.6 percent of all households to about 64 percent. The administration's goal is to increase home ownership by the end of the decade by roughly 8 million units, to 67.5 percent.

The strategy does not create government programs or require federal money.

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Participating banks and financial organizations have agreed to reduce home-settlement paperwork and make the process simpler and more understandable for average buyers, administration officials said.

Participants on the construction side vowed innovations in housing design and construction technology to reduce the cost of building and repairing homes.

"We have to remember that there are millions of people ... who believe that home ownership is out of reach," Clinton said.

PHILADELPHIA DAILY NEWS JUN 06 1995

Project home-ownership begins

p. 18

Goal is 8 million new buyers

by Earni Young
Daily News Staff Writer

WASHINGTON — President Clinton has taken the lead in showing America a new way home leading a parade of public and private partners toward a goal of creating 8 million new homeowners in five years.

In announcing the housing initiative at a White House press conference yesterday, Clinton was quick to point out that it "would not cost taxpayers an extra dime, nor would it call for new government programs or agencies."

Clinton recalled buying his first home 20 years ago for $25,000. The Clintons, who were then both teaching at the University of Arkansas, paid $176 a month on the mortgage.

"These prices aren't very much available anymore, but the objective for young people to be able to own their own home and start a family that way is even more important today than it was 20 years ago," Clinton said.

Home ownership is vital to strengthening our nation's families, stabilizing communities, and fostering economic prosperity, Clinton said. It is also the primary means of wealth accumulation for most Americans, he said.

"This is a big deal. It's about more than money, sticks, boards and windows. This is about how families live and what kind of society we want to have," Clinton said.

As an example of the demand from young families for a piece of the American Dream, Clinton introduced 10 couples who had recently purchased homes. Among them were Jean and Jim Mikitz, of Allentown.

Jean, 24, a bookkeeper, said they settled in their home two weeks ago using the Federal Housing Authority's 203k mortgage program which allowed the couple to include the rehab costs in the loan.

Before reading about the program in their local newspaper, the couple spent "18 months looking at houses we couldn't afford," she said. "There were some real-estate agents who showed us houses in the $100,000 range."

With a combined income of $35,000 and two small children, such prices were definitely beyond the Mikitzes' means.

The 203k helped them buy a fixer-upper in a nice neighborhood for $47,000. The house needed a new roof, new wiring, exterior siding and cosmetic work totaling $14,000. Under the 203k their mortgage came to $58,000.

Though the house was in poor repair, Mikitz said the neighborhood was stable and the appraiser approved the higher value.

Until recently, the program was offered by a handful of lenders and was virtually unknown to consumers, said Don Dybalski, director of 203k mortgages for Norwest Mortgage in Philadelphia.

It was only after HUD began offering 203k financing on some of its repossessed properties that the program became more widely used, he said.

At least 99 of the 203k loans have been approved in the Philadelphia region since October, with a goal of 116 for the fiscal year ending next October, HUD officials said.

It's so new in Allentown, that the Mikitzes were probably the first 203k buyers in the area, Dybalski said.

Clinton's ambitious strategy calls for the cooperation of more than 50 federal, state and local government agencies, private businesses and nonprofit community groups.

The goal is equally ambitious, to reverse the decline in home ownership, which has dropped to 64 percent from 65.6 percent in 1980 and increased it to an all-time high of 67.5 percent by 2000.

The 1.6 percent drop since 1980 represents 1.8 million Americans who were not able to buy homes, said U.S. Housing Secretary Henry Cisneros.

It was Cisneros who put together the public-private partnership that developed the 100 action strategies to reach the goal of creating 8 million new homeowners in five years a reality.

Some of these actions include:

- New financing partnerships to help families qualify with lower down payments.
- Streamlined mortgage processing that can cut settlement costs by an average of $1,000.
- Less red tape by modernizing local planning, zoning and subdivision laws.
- Elimination of excessive building-code regulations.
- Increased home-ownership education and counseling and the creation of a training and accreditation process for counselors.
- Creation of the Federal Housing Administration Corp., a government-owned corporation that would be able to take a leadership role in creating new mortgage products, rather than sit on the sidelines as a spectator as FHA now does.

HERE'S INFO

For information on home ownership opportunities write to:
Homeowners Partnership
Box 6091
Rockville, Md. 20850

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Burrelle's NewsExpress 1-800-766-7188 06/07/95 04:16:57 766 7188 Page 7 of 8
June 6, 1995
Best Quality
PHILADELPHIA DAILY NEWS THE PEOPLE PAPER

THE WHITE HOUSE

WASHINGTON

June 7, 1995

C. Don Bice, M.D.
2702 Nix Lane
Jonesboro, Arkansas 72401

Dear Don:

Thanks for your letter of May 30 and for your encouraging words. I really appreciate what you said about the job I'm doing. Nobody ever said this would be easy, but I'm confident we've made great progress and will be able to do even more in the months ahead.

Thanks, too, for letting me know that some of your views on health care reform have changed. I'd love to know about your experiences and hope you'll share your thoughts with me sometime.

Finally, thanks for letting me know about your upcoming trip to Washington. While I never know what the schedule here will hold, I hope you'll contact my office at (202) 456-6610 when you have more details about your visit.

Sincerely,

Bill Clinton

I will do my best to see you, and I do want you and your family to come and tour the White House —

cc K Crawford
I want to see them — call & tell them who to call — BC

Trey for reply
Please cc: me
Kelly

rec'd
Trey
6/7

C. Don Bice, M.D.
2702 Nix Lane
Jonesboro, Arkansas 72401
(H):501-972-1912
(W):501-972-4196

May 30, 1995

President Bill Clinton
The White House
Washington, D.C. 20500

Dear Mr. President:

I hope this letter finds you healthy, happy, and still glad to be President. Never have I seen a President asked to endure the personal abuse and ridicule that has been thrown at you and your family. But, you seem to be like that Timex watch that keeps on ticking. Do not let "them" get you down!

Many things have changed over the last two years. Never did I think Americans would bomb American buildings, inflicting such horrors on their own innocent countrymen. I would, and did, believe it must have been the work of foreign terrorists; clearly, naiveté on my part.

Also, during the past two years I have been involved with helping to prepare our Medical Staff and hospital to survive managed care. I saw first-hand a side of some Physicians (still few in total numbers) that was disturbing to me. I lost several friends in the process of our Physician Hospital Organization being formed.

Two years ago I wrote you regarding some of my views on health care reform; some of my views have changed. You wrote me back; and, you might be interested to know that I had your letter framed at standards exceeding those of the Library of Congress. I feel sure my daughter, Courtney, will treasure that letter years from now. She will turn eleven on July 2.

I, Eva (my wife), and Courtney will be visiting Washington from Saturday, July 1, until Sunday, July 9, of this year. We plan to stay at the Hyatt Regency Washington. We would love to pay our respects to you if your schedule should allow. One never knows what impressions might inspire our children to help lead us all to "A Greater Good."

Warmest Regards,

C. Don Bice

C. Don Bice, M.D.

Panel Sees Merit in Earned-Income Tax Credit

By KEITH BRADSHER

WASHINGTON, June 6 — As Republicans prepare to scale back the earned-income tax credit, a Federal commission has concluded that eligibility for the credit for poor and lower-middle-class families is much broader than previously thought.

Contrary to conventional wisdom, the credit is not available to the same poor families year after year, the commission found. Instead, many middle-class families are periodically eligible for the credit when the loss of a job or a serious illness temporarily reduces their incomes for a year or two.

The findings are politically important because they suggest that the tax credit helps keep more people in the work force than previously thought at a time when Republicans are trying to lure more people off welfare and into jobs. The credit is available only to people who are working and earning money.

Conservative Republicans, however, are calling for cuts in the tax credit program, describing it as an increasingly expensive, fraud-ridden form of welfare with excessive benefits for the poor. The Senate Finance Committee and the House Ways and Means Committee are both scheduled to hold hearings on the issue in the next 10 days.

Senator Don Nickles, Republican of Oklahoma, said tonight that occasional use of the credit by middle-class families in bad years was not a reason to defend the program. Families trying to qualify for the credit have an incentive to depress their incomes in some years, perhaps by taking part of their pay in cash and not declaring it on their tax forms, he said.

"They might start working their incomes to maximize their benefits," Senator Nickles said.

The tax credit, currently totaling $22.6 billion a year and rising, was created in the mid-1970's as a way to help working poor Americans with children and to provide an incentive for parents to work rather than rely on welfare programs. Current law allows a family with two children to qualify for the tax credit if the family earns less than $26,673 a year. A scheduled expansion of the credit next year would raise that ceiling to $28,524 a year.

Evidence that an I.R.S. program helps more people than previously thought.

The credit peaks at $3,114 this year — $3,560 next year — for a family with two children earning about $9,000 annually. The credit declines for families earning more or less than that.

President Clinton vowed during his 1992 election campaign to expand the credit, and Congress voted in 1993 to do so in three stages. The Senate Republican budget resolution calls for saving $21 billion over seven years by repealing the third stage, which is scheduled to take effect next year, and by repealing the credit for workers who do not live with their children.

Workers without children and with incomes of less than $9,510 a year also qualify for the credit.

In a report scheduled for release on Wednesday, the National Commission for Employment Policy has concluded that many more lower-middle-class families than had been thought periodically qualify for the tax credit because their incomes drop in some years. The report is consistent with recent academic studies showing downward social mobility and increasingly variable annual incomes among lower-middle-class families.

If the tax credit expands as scheduled next year, 10 percent to 16 percent of taxpayers with children will be eligible in a given year. But the employment commission estimated that 39 percent of taxpayers with children would be eligible at one time or another during a 10-year period as their incomes periodically sank below the threshold for claiming the credit. The employment commission relied on data from a survey of 5,000 families that the University of Michigan has been conducting annually since the late 1960's.

The report concludes, "Although originally thought of as a program for the poor and near-poor, the earned-income tax credit, with its ability to cushion the fall for workers who experience a substantial loss of income due to having to move to a lower-paying job, a temporary layoff, or illness or other family difficulty, is another useful component of workers' tool kits."

The commission did not look at the extent to which eligible families actually claimed the credit. In recent years the Internal Revenue Service has been trying to make more people aware of the credit.

Congress created the commission in 1973, and it reports to Congress and the executive branch equally. But its 15 members are chosen by the President, with the current members appointed by President Clinton. Representative Richard A. Gephardt of Missouri requested the tax credit report.

Recent I.R.S. studies have found many excessive claims for the earned-income tax credit, which is refundable to people who have no income tax liability. Margaret M. Richardson, the commissioner of the I.R.S., testified before a Congressional panel on April 4 that half the excessive claims appeared to be the result of unintentional errors, while the other half appeared to be fraud.

The problem has been particularly acute for income tax returns that are filed electronically. The I.R.S. has slowed the processing of such claims and stepped up its computer analyses to identify possible fraud.

THE PRESIDENT HAS SEEN
6-12-95

...costs. Rather than ... serving in Congress for more than three ... politically. By conservatism's tradi- ... between—and needs a label.

Mark Shields

Serious - FYI

... And Blue-Collar Wannabes

THE PRESIDENT HAS SEEN
6-12-95

If you seek to be a serious candidate for national office in 1996, your campaign, irrespective of party or philosophy, must produce the following: a television commercial featuring you, the candidate, with rolled-up sleeves mixing easily and sincerely in the company of American blue-collar workers.

Without the sound, even the most perceptive viewer will not be able to determine from the pictures alone if the TV spot is in support of a card-carrying liberal or a fire-breathing conservative. But the narrator's words will almost surely be a dead giveaway. Generic script for Candidate A's commercial with blue-collar workers: "It's from your ranks that he comes, it's your roots that he shares, it's on your side that he will stand." Generic script for Candidate B's blue-collar commercial: "He led the fight for workplace safety and against striker replacement. You can be sure he will fight to protect and to defend the interests of our working families."

The first spot, with its language of "ranks," "roots" and "your side" cleverly avoids issues and political controversy. It seeks to appeal instead to shared values and a similar outlook. The second spot, with its emphasis on the specific and the programmatic, makes a direct appeal to the economic interests of working-class voters.

The first spot is made for a Republican, the second for a Democrat. Both are reasonably accurate reflections of the appeals each party has made and continues to make to blue-collar voters. Conservative Republicans emphasize family and moral values and treat workers' economic interests like toxic waste.

Republicans do not have an exclusive franchise on hypocrisy of political appeals.

Liberal Democrats mostly shun family and moral values while instead stressing the economic pressures on blue-collar families and their legislative prescriptions—extended unemployment benefits and better worker's compensation laws.

Voters who are not fools recognize that the generic conservative message goes a lot like this: "You are the people who get up every morning, who go to work, who obey the law and who play by the rules. We admire your values. It's your sons and your brothers who fight our wars and whom we support and never protest against. And we agree with you that there's too much obscenity on TV, too much regulation on law-abiding sportsmen and too little religion in our public life."

In short, the Republicans want to keep government out of your life. That's undoubtedly why Republicans fought tooth and toenail against Democrats' anti-business scheme to require an employer who intended to close his factory to provide his employees with 60 days' notice so that during those 60 days before unemployment, the worker could look for another job and avoid going into debt or onto the public dole. A similar anti-business bias behind the family leave law, which provides for time off without pay for a new parent, must have been the reason for the GOP's overwhelming opposition to it.

Conservatives, in spite of all their brimming admiration for blue-collar workers' values, turn a deaf ear to the precarious economic plight of those same Americans. In the 30 years after World War II, every American income group from the lowest one-fifth to the highest one-fifth effectively doubled its household income. This spectacular economic growth was equally distributed across the board.

Between 1979 and 1993, according to the Census Bureau, the bottom three-fifths of American households—where nearly all blue-collar voters get their mail—have actually suffered a real loss in income. By contrast, real household income has grown since 1979 by $767 billion, but nearly 97 percent of that growth has gone to the richest one-fifth of U.S. households. We are growing farther apart, which, as a long-term trend, is not healthy for a sense of national community. But conservatives would never tamper with the omniscient market.

Republicans do not have, however, an exclusive franchise on hypocrisy in the matter of political appeals to blue-collar workers. Liberals are their mirror opposite—solicitous of hourly wages but usually aggressively uninterested in workers' views on social and moral issues and too ready to smear as racist any blue-collar voter who argues it is morally wrong for any preference to deny a first-generation Polish American the promotion her higher test score has earned her.

When one party doesn't give a damn what blue-collar voters think and believe and the other party doesn't give a damn how they work, live or suffer, is it any wonder that the movement for a third party grows stronger?

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GTON POST
JUNE 7, 1995

THE PRESIDENT HAS SEEN
6-12-95

Laura

** FYI - BC

William Raspberry

A Leisurely View of The Future

Jeremy Rifkin, in his new book "The End of Work," does a fine job of telling us what we already know (at least dimly) but have been reluctant to face up to: that it's no longer necessary for everybody to work to produce the things we need, and that that simple fact changes everything.

It no longer makes sense to look to open-ended economic growth as the main solution to our social ills, because it no longer makes sense to think of full employment as an achievable (or even desirable) goal. But if full employment is not a sensible pursuit—and if leisure, as a result, becomes fully respectable—will we have to rely on workaholics to produce the goods and services we'll still need for our survival? And if it's no longer necessary for most of us to work, by what means will we distribute society's goods?

You won't agree with all of Rifkin's answers, but you're likely to agree that he poses real questions that we've spent too little time thinking about.

"Technology has given us tremendous productivity gains," he said in a recent interview, "but the profits from those gains have been very narrowly distributed." So narrowly distributed, in fact, as to threaten the entire structure. For while robotics and other such advances make it possible for companies to produce more goods while hiring fewer workers, the unavoidable question is: Who buys those goods, and with what?

What we need, says Rifkin, is a full-fledged debate on how to share the productivity gains so that everybody is better off.

His own idea is fairly straightforward: reducing the work week as productivity improves. "For people who are still needed in the market economy, the productivity payoff would be a reduced work week—say, a reduction, over time, to 30 hours. That's coming. It already has started in Europe, and it has the potential of being a very good thing for working parents.

"Imagine a 6/6 arrangement—parents working the six hours their kids are in school, and then being home with them afterwards. It would also provide more time for the things people say they want to do—everything from volunteer work to recreation."

But wouldn't spreading the same productivity among more workers increase employer costs and reduce employee income?

Not necessarily, says Rifkin, president of the Washington-based Foundation on Economic Trends. "Hewlett Packard in Grenoble, France, and BMW in Germany have said they are going from a 37-hour week to 31 hours, and still pay workers for 37. But there's a catch. The workers will have to agree to accept shift work. That means the employers can keep their expensive technology operating on a 24-hour, seven-day basis. That increases company productivity and at the same time spreads the benefits."

Such an arrangement, he believes, could also provide a big boost to the "third sector"—the not-for-profit companion of government and industry. "The interesting thing from an economic viewpoint is that the third sector actually predates the other two," Rifkin notes. "In the pre-industrial world, people used to give to each other to create a social good. I think we need this third sector more than is generally realized. Without it, the other two sectors can't function because there won't be enough trust and relationships between people to make for a civil society."

It's easy enough to imagine the good that would flow from Rifkin's revitalized third sector—community-centered activities "from social services to health care, education and research, the arts, religion, and advocacy . . . organizations [to] assist the elderly and handicapped, the mentally ill, disadvantaged youth, the homeless and indigent"—all the things we say we haven't the money to handle now.

What is hard is to figure out who will pay for it. Rifkin's answers are the least convincing of his fascinating discussion. Essentially, the bill for his Utopia would be paid for by a combination of savings from existing government programs, "shadow wages" and a "social wage." The first reminds me of the "peace dividend" antiwar activists used to budget with such enthusiasm. The savings from making social services voluntary are likely to prove as elusive as the "peace dividend" from ending the war in Vietnam.

Shadow wages would amount to tax deductions for people who donate time to volunteer activities—a worthwhile idea but prospectively a costly one; the deductions would translate into diminished revenues for other government purposes.

Rifkin seems most hopeful about his "social wage"—essentially the old idea of substituting paid community service for welfare, which Rifkin would improve by making the service jobs competitive and allowing for pay increases for outstanding performers. He thinks such a scheme would build community by "forging new bonds of trust and a sense of shared commitment to the welfare of others."

Like the old CCC camps or WPA jobs perhaps?

Still Rifkin's basic question has to be addressed: If it is no longer necessary for all of us to work to produce the things we need, what do we do with the rest of us?

THE NEW YORK TIMES, WEDNESDAY, JUNE 7, 1995

In America

BOB HERBERT

Militia Madness

Last September, police in Fowlerville, Mich., stopped a car for a routine traffic check. The three men in the car, all in their 20's, were wearing camouflage fatigues and had their faces blackened. They said they were members of the Michigan Militia and bodyguards for the well-known militia nut Mark Koernke.

The police searched the car. They found six loaded semiautomatic weapons, three revolvers, 700 rounds of ammunition, night-vision goggles, gas masks, knives, bayonets, two-way radios and handwritten notes that indicated the three men were conducting night surveillance of law enforcement officials.

The men were arrested on weapons charges but were no-shows at their scheduled arraignment. Instead, 50 other militia members turned up at the Livingston County courthouse to protest the arrests.

"They called cops 'punks in badges,' " said the Fowlerville police chief, Gary Krause, "and they said the next time one of them was stopped, they'd shoot the cop."

Welcome to the world of militia madness, the latest variant of the deadly virus of hate that continues to surge through America. Just last month three members of the Militia of Montana, a grotesque anti-black, anti-Semitic outfit, were arrested on a variety of charges, including threatening to murder judges.

In March, two members of the Minnesota Patriots Council were convicted of conspiracy charges for planning to use a lethal biological poison called ricin to kill Federal employees and law enforcement agents.

Last September four members of a militia group in Virginia called the Blue Ridge Hunt Club were charged with stockpiling machine guns. Investigators later said the group had planned to obtain more weapons by raiding a National Guard armory in Pulaski, Va. A computer disk seized by Federal agents contained draft copy for the group's newsletter. It said, in part:

"Hit and run tactics will be our method of fighting. ... We will destroy targets such as telephone relay centers, bridges, fuel storage tanks, communications towers, radio stations, airports, etc.... human targets will be engaged when it is beneficial to the cause to eliminate particular individuals who oppose us (troops, police, political figures, snitches, etc.)."

Representative Charles Schumer, a Brooklyn Democrat, is calling for Congressional hearings on these heavily armed paramilitary groups. "I am not saying that all of the militias are breaking the law, or are violent," said Mr. Schumer. "Nevertheless, some clearly are prone to violence. We know very little about them and we need to know more."

House Republicans, led by Newt Gingrich, apparently disagree. Six days of hearings will be held on the tragic Waco fiasco, which will give delighted Republicans plenty of opportunity to embarrass the Clinton Administration. And Senator Arlen Specter, a Republican Presidential candidate who is running against the right-wingers, is planning militia hearings geared to his interests. But Mr. Gingrich is blocking the kind of Congressional inquiry that would throw a badly needed spotlight on paramilitary activity in this country.

The danger posed by heavily armed hatemongers thrashing about in a fog of paranoia was evident even before the catastrophe in Oklahoma City. Morris Dees, head of the Southern Poverty Law Center, which monitors the militia movement, said in a letter to Attorney General Janet Reno last year that the "mixture of armed groups with those who hate is a recipe for disaster."

> A virus surging through America

And Abraham H. Foxman, national director of the Anti-Defamation League, which has also been studying paramilitary groups, issued a public warning in October about "angry bands" of heavily armed right-wing militants. "To be 'fed up' with government is one thing," said Mr. Foxman. "To call for armed resistance is quite another."

He added, "We are especially troubled, but not surprised, that they are attracting racists and anti-Semites."

None of this has moved Mr. Gingrich, who has been openly contemptuous of Mr. Schumer's request for hearings. Perhaps he will reconsider. Threats to attack government officials should not be a partisan political issue. And if we have learned anything from Oklahoma City, it should be to take such threats seriously. □

THE PRESIDENT HAS SEEN
6-12-95

Leon / Bowles / George / GS
I think we should push
Cong. on this —

BK

Boss Daley's Legacy

Henry Cisneros, the Secretary of Housing and Urban Development, has assumed control of Chicago's public housing authority and announced ambitious plans for revitalizing the most dangerous and disreputable public housing system in the country. The takeover, the largest yet by the Federal Government, marks a significant test for Mr. Cisneros and for HUD.

Known for its violent housing projects and intractable bureaucracy, the Chicago Housing Authority has defeated its recent chairman, Vincent Lane, an earnest reformer with limited management skills. Mr. Lane's efforts to reshape the Housing Authority made so many enemies that he was given a police escort and a bulletproof vest. The HUD takeover came just after he and the Authority's board resigned en masse, imploring the Government to lend its muscle to the problem.

Chicago's violent islands of poverty did not come into being by accident. As the columnist Mike Royko points out in "Boss," his biography of former Mayor Richard J. Daley, the projects sprang directly from City Hall's active resistance to integration. "Containing the Negro was unspoken city policy," Mr. Royko writes. "Even expressways were planned as man-made barriers ... ghetto walls." Daley didn't invent the strategy, but some would say he perfected it.

Plans for scattered public housing outside the ghetto were quietly scuttled. Instead, mammoth housing projects like the Robert Taylor Homes and Stateway Gardens went up along a lengthy stretch of South State Street, as Chicago began to put together the largest contiguous ghettos in the United States.

For many years, the Housing Authority was a plantation run by machine politicians — and easy pickings for maintenance contractors who siphoned off Federal funds while permitting the buildings to fall into horrific decay. Four generations of Chicagoans in public housing have grown up cut off from the city proper, isolated in such projects. Of the 15 poorest neighborhoods in America, 11 are Chicago public housing communities.

The Federal Government will now attempt to dismantle Chicago's man-made centers of poverty. Mr. Cisneros plans to gather his ablest managers to shore up the Housing Authority's staff and create new operating systems. He then wants to demolish vacant Authority buildings and replace them with low-rise, mixed-income developments — things that Mr. Lane also wanted but was prevented from doing, either because of local resistance or HUD's own regulations.

Mr. Cisneros faces treacherous local politics and 100,000 deeply suspicious tenants. But if the takeover succeeds, he will have improved the stature of public housing nationally — and begun to dispense with Boss Daley's most troubling legacy to Chicago.

The Attack on Disabled Children

The Senate will soon decide whether to follow the lead of the House and slash aid for disabled children. Republican leaders in the House and Senate charge that the Supplemental Security Income program — which provides up to about $450 a month for disabled children from poor families — is riddled with abuse. They propose stiffer requirements that could drive out nearly 300,000 of the 900,000 children who are currently enrolled.

Accusations that the program pays cash to children not in need are based on anecdotes that tell of parents coaching their children to fake mental disabilities. But a study by the nonpartisan General Accounting Office has uncovered no systematic abuse. Eligibility rules could be tightened to eliminate mistakes. But there is no justification for widespread evictions.

•

The G.O.P. backlash against the program has been triggered by soaring enrollments since 1990. Some of the increase can be traced to a Supreme Court decision that sensibly eased eligibility standards. The Government had in effect based eligibility solely on a checklist of severe physical and mental conditions. But such a checklist could exclude children whose disabilities, though just as impairing, were due to a combination of less severe problems.

A dysfunctional child with very low I.Q. (but not meeting the criteria for retarded) *and* diabetes (but not recently hospitalized) *and* partial paralysis (but not bound to a wheelchair) could be ineligible because no one condition was on the Government's checklist of severe disabilities. The Court insisted that the Government assess each applicant's ability to function.

The House-passed bill would eliminate almost all cash assistance on the unwarranted assumption that disabled children need only Government-provided services, such as prescription drugs. But disabled children have unusual needs that Federal programs do not address, such as modified living quarters and special utensils and clothing. Many parents of disabled children need to stay at home, thereby losing earnings.

The bill before the Senate would continue cash assistance for these needy parents. But it adopts language that threatens to eliminate eligibility through individual assessments. Without studies showing widespread abuse, the Senate bill could kick nearly a third of current enrollees off the program.

The Senate should turn instead to a responsible bipartisan bill, sponsored by Kent Conrad, Democrat of North Dakota, and John Chafee, Republican of Rhode Island. It would preserve individual assessments but tighten eligibility rules. The bill would, for example, eliminate "maladapive behavior" as a qualification because the diagnosis has allegedly been applied to children who are simply unruly. The Conrad-Chafee bill would also require periodic reviews of enrollees.

A study by researchers at George Washington University shows that S.S.I. enrollments are no longer skyrocketing, now that the impact of the court decision and new mental health regulations have taken hold. Major overhaul of the program is unnecessary.

According to one study, perhaps between 40,000 and 80,000 children, out of about 900,000, would be ruled ineligible by tough but fair standards. That suggests Congress should tinker with the rules, but not strip S.S.I. support from hundreds of thousands of desperately sick children.

THE PRESIDENT HAS SEEN
6-12-95

LOM

[redacted]
is our position
with al Gamaa al-Islamiya
and Islamic Jihad in
Egypt?

PBG

Bowles

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN
6/13/95

Mr. President

Our leverage on this issue is that the Congress does not know where you stand on this issue. Pat feels it important that you not tip your hand to these judges should you decide to meet w. them.

Judge Nelson also feels a meeting is fine.

Erskine

95 JUN 16 PM 1:01

THE WHITE HOUSE

WASHINGTON

June 5, 1995

The Honorable Jack Holt, Jr.
Chief Justice of the
Supreme Court of Arkansas
Justice Building
625 Marshall Street
Little Rock, Arkansas 72201

Dear Jack:

Thanks for your letter of May 31 and for following up on Chief Justice Stanley G. Feldman's request for me to meet with a delegation from the Conference of Chief Justices to discuss the product liability legislation. I appreciate your recommendation that I meet with the delegation. While I never know what the schedule will hold, I have shared your letter with Billy Webster, my scheduler, for his consideration.

In addition, Hillary and I send our best wishes on your recent announcement that you will retire from the bench. I know the decision must have been difficult, but I'm sure you've made the right choice. We hope your much-deserved retirement will bring you many years of joy and happiness.

See you soon.

Sincerely,

Bill

cc Scheduling

THE PRESIDENT HAS SEEN
6/13/95

Embassy of the United States of America

100 Wellington
Ottawa, Ontario K1P 5T1

COVERSHEET FOR FAX

Date: June 13, 1995

To: Helen Robinson

(202) 456-6703

From: James J. Blanchard, Ambassador
Fax #: (613) 238-8750
Phone#: (613) 238-4470 Ext.200

Page 1 of 4

Dear Helen:

Here's the memo. Thanks for your help.

AMBASSADOR OF THE UNITED STATES OF AMERICA
OTTAWA, CANADA

June 12, 1995

Dear Mr President,

On the eve of your visit to the G-7 in Halifax, I wanted to pass you a few observations on the concerns of our Canadian hosts. For public consumption, the GOC has emphasized frugality (including borrowing the Summit table from Italy), but PM Chretien (who is normally not a "detail man") has given plans close personal attention to assure a first class operation.

I will leave the international financial issues of Halifax to your economic team. It is likely, however, that Chretien will seize the moment to address some bilateral concerns.

In essence, Bilateral Relations Are Excellent. We are still enjoying the afterglow of your February visit. It has remained an enduring success and I regularly hear enthusiastic comments about the substantive and personal aspects of the visits from official and "ordinary" Canadians. One of the most obvious elements is the instant success of the "open skies" agreement from which there seem to be new direct flights to U.S. cities every week: currently 76 new flights equating to 3 million passenger seats per year -- and still growing. Canadians are delighted.

In particular, you transformed an excellent private relationship with PM Chretien into an openly warm public association. Chretien clearly feels comfortable with you. It will serve us both well in the years ahead.

Chretien Still Flying High. The PM's polls virtually defy gravity. He remains well over 60% throughout the country with 80% popularity in Ontario, Canada's most populated and prosperous province. Since your visit, Chretien artfully moved through Parliament a tough deficit fighting budget that emphasized spending cuts but held virtually no tax increases. It has been highly popular and reflects GOC mastery of polls and media in its calculation and public presentation.

Chretien and his government have also benefitted from a tough public stance in the "turbot war" confrontation with the EU over Spanish (over)fishing outside the 200 mile limit. Canadians value their international "Boy Scout" image, but still got a kick out of a flight of assertiveness in a good cause. Chretien, however, is clever enough to realize that the GOC could not repeat the stunt with the U.S.

Quebec Quiescent. The sovereignty referendum which appeared in the offing for spring has been delayed until at least the fall. The separatists read the polls and recognized they did not have the votes for "sovereignty". Subsequently, they have been experimenting with various formulae, the most recent of which is "sovereignty association", postulating a close economic-political relationship with Canada following "sovereignty". Separatists believe this formulation meets Quebecker concerns and early polls suggest it could attract a majority. Even separatists, however, admit support is very fragile and Ottawa has not begun a counter campaign.

Few International Problems. We remain closely aligned on issues such as Bosnia, preventing nuclear cooperation with Iran, foiling a blow up in Burundi, and pushing democracy in Haiti. Ottawa strongly desires, however, a more visible role in Bosnia decision making. They are concerned that their 2000 peacekeepers are overlooked when you or Secretary Christopher note the role of France and the UK, but skip past the Canadians. We have closely consulted the GOC privately, but domestic pressures may spark Chretien to raise the public visibility angle with you directly. Public recognition of Canadian contributions will help us all.

Like other G-7 partners, Canada has not bought our proposal to completely cut off trade with Iran. GOC bureaucrats think it (A) won't work; and (B) could be politically counterproductive. That said, GOC trade with Iran is trivial, essentially wheat. You will have to decide whether the issue is worth a personal appeal. I advise against it as too long a gamble against odds.

Cuba remains our only hemispheric point of difference. We have not budged the GOC in 30 years and recognition/engagement with Havana/embargo rejection remain Liberal shibboleths. Chretien may, however, seek your commitment to veto Helms-Burton legislation if it ultimately emerges in its present form.

The Bilateral Laundry List. The world's largest trading relationship always has some squeaky gears. Currently, "culture" has come to the fore. The GOC appears to be fumbling for ways to ensure that Canadian culture is not swept aside in the wake of rapid advances in telecommunications and broadcasting. The U.S. will publish a proposed section 301 retaliation list on June 21 if no progress is made toward restoring Country Music Television to Canadian cable. We also appear to be heading toward bilateral confrontation in magazine publishing and copyright in the fall. Chretien may pass over these issues, but it might be useful to remind him of the enormous export and job creation opportunities that exist in the "cultural" sectors, and of the U.S. interest in working closely with Canadian officials to minimize "cultural" disputes and maximize economic opportunities for companies and artists of both countries.

The Canadians profess fears that our dispute with the Japanese will "hijack" the Summit. While stating that the Japanese market is unacceptably restrictive toward imports, the GOC has been timid in expressing their support for our approach. They have two concerns: that Canadian exports could be "sideswiped" by numerical targets or market sharing arrangements; and that U.S.-Japan conflict could seriously imperil the WTO. It could be useful to remind Chretien that we are not seeking numerical targets and would benefit all countries -- particularly Canada, where auto related manufacturing is a major industrial sector and has an even greater effect on their economy than in the U.S.

And a Word About Halifax. Halagonian hospitality is a Canadian byword and the city uniquely charming. You and Hillary will be warmly received -- perhaps even more enthusiastically than in Ottawa. The aphorism "how rare is a day in June", however, applies to Halifax weather and we have our fingers crossed that the region will provide crisp, clear seacoast sunshine rather than the cold blustery rain for which it is renown.

Sincerely,

James J Blanchard
Ambassador

THE WHITE HOUSE

WASHINGTON

June 12, 1995

Ronna Beck
4909 Linnean Avenue, N.W.
Washington, D.C. 20008

Dear Ronna:

Thanks for your note and for inviting Hillary and me to attend your investiture as Associate Judge of the Superior Court of the District of Columbia.

While I would love to be there with you for the investiture or in your home later for the buffet dinner, I never know what the schedule here will hold. I'm deeply grateful to you, though, for thinking of us on your special day.

Congratulations!

Sincerely,

Bill

Copies made for Scheduling & HRC.

cc scheduling? [redacted]

You are cordially invited to attend
the Investiture
of
Ronna Beck
as
Associate Judge
Superior Court of the District of Columbia

the sixteenth day of June,
nineteen hundred ninety-five
four-thirty o'clock in the afternoon

Third Floor Atrium
H. Carl Moultrie I Courthouse
500 Indiana Avenue, Northwest
Washington, D.C.

Reception immediately following

(OVER)

Thank you for making this possible. I will do my best!

In addition to the investiture and reception we are having a buffet dinner at our place -- 4909 Linnean Ave. N.W. D.C. 20008 -- beginning at 8:00 p.m. - very casual. (you know some of the people who are coming -- e.g. Carolyn Staton Marcia Ehrenberger, Judy Lichtman)

We would be delighted if you are able to come to any of the festivities but of course understand if you can't make it.

Best wishes,

Ronna

ce Erdium / Holmium

sur un même Thème

ce Astock

THE WHITE HOUSE

WASHINGTON

June 8, 1995

John B. Torkelsen
President
Princeton Venture Research, Inc.
Five Vaughn Drive
Princeton, New Jersey 08540

Dear John:

Thanks for your letter of June 6 and for sharing the copy of Pam's letter to Hillary. I deeply appreciate Pam's and your willingness to help out during the holiday season. The photographs you sent of your home during the past Christmas season are beautiful!

Thanks, as always, for your continued encouragement and support. We're turning things around!

See you soon.

Sincerely,

Bill

PVR PRINCETON VENTURE RESEARCH, INC.

June 6, 1995

VIA FEDERAL EXPRESS

President William J. Clinton
THE WHITE HOUSE
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500-2000

Dear Mr. President:

I am enclosing a copy of the letter that Pam sent to Hillary. I do not know if you recall when we joined you for the Christmas party on December 17, you and I had a conversation about Pam's Christmas ornament collection and the possibility of displaying part of it in the White House for Christmas 1995. We also discussed it briefly at the DNC Trustees' Dinner on February 21.

I am enclosing a duplicate set of the photographs for you to look at. Pam and I would be deeply honored if you would permit us to help with the White House Christmas festivities.

I am working with Len Barrack and Bill Lerach on the re-election campaign. I have also been in touch with Rick Sullivan at the DNC and look forward to being as much help as possible over the next seventeen months.

Best wishes. I look forward to seeing you again soon.

Sincerely,

John B. Torkelsen, CFA
President

JBT/cs

Enclosures

Five Vaughn Drive, Princeton, New Jersey 08540 • 609-924-3000

PVR PRINCETON VENTURE RESEARCH, INC.

June 6, 1995

VIA FEDERAL EXPRESS

Mrs. Hillary Rodman Clinton
THE WHITE HOUSE
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500-2000

Dear Hillary:

During your Christmas Party on December 17, I spoke with you about the possibility of lending some of my collection of Christmas ornaments to the White House and decorating one of the rooms for Christmas, 1995. You asked me to send you more information.

I am enclosing photographs showing the decorating that my staff and I did at our home last year. This will give you an idea of the type of ornaments that I have been collecting and the way that I display them. The Father Christmas and Christmas Fairies range in height from two feet to over six feet. They are the work of a California artist, Lynn West. I have a substantial collection of her art, and have spoken to her about working with me on this project and lending us additional Christmas Fairies for use in one of the rooms. She has kindly consented to assist.

The majority of the tree ornaments are the design of an American artist, Christopher Rakco. I have also been in touch with him, and he has agreed to work with me on the project, if you will permit us.

I have a team of decorators from Columbia, South Carolina that comes to my home each year to decorate for Christmas. If you will allow us to decorate one of the public rooms, I will arrange for that team of decorators to work with your staff so that I and they could display these wonderful collections to all of the thousands of guests that you entertain each Christmas season.

We would be most grateful and honored if you would consent to letting us participate in your holiday celebration.

John is sending another set of the photographs with a note to your husband.

We are already working hard on the '96 Campaign and look forward to seeing you again soon.

Sincerely,

Pam

Pamela Torkelsen

PRT/cs
Enclosures

Five Vaughn Drive, Princeton, New Jersey 08540 • 609-924-3000

THE WHITE HOUSE

WASHINGTON

June 8, 1995

The Honorable Jacqueline J. Roberts
Post Office Box 2075
Pine Bluff, Arkansas 71613

Dear Jackie:

Thanks for your note and for letting me know of your continued interest in serving in the Administration. I have shared your letter with Bob Nash, Director of Presidential Personnel, for his consideration. I hope we will be able to give you the opportunity to serve that you seek.

See you soon.

Sincerely,

Bill

cc: BMC

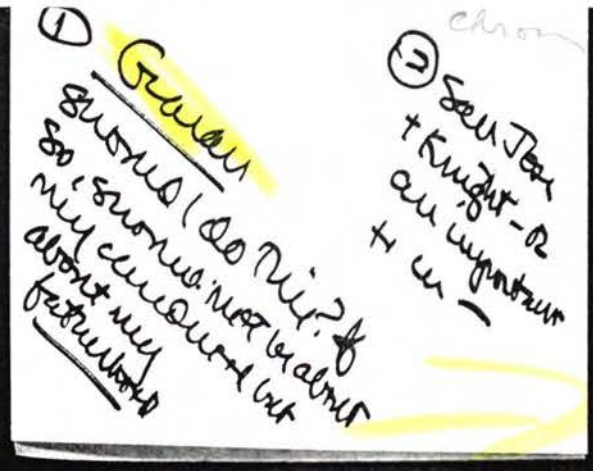
cc Bnash

Dear Bill, (Mr. President)

I am still waiting with great anticipation to join your Administration. Since I can't seem to join your Adm. team, I will be honored to receive a Board or Commission appointment. One that pays of course. ☺

Sincerely,
Jacqueline

Old Glory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THE WHITE HOUSE

WASHINGTON

June 6, 1995

The Reverend Robert M. Herhold
440 Hale Street
Palo Alto, California 94301

Dear Bob:

My friends Sheila and Jon Springs were kind enough to send your letter of May 31 and the book Prayers for Peace: Beginning with Me, and I want to thank you. It was thoughtful of you, and I hope to have an opportunity to read it.

Thanks, too, for your interest in interviewing me. While I never know what the schedule here will allow, I've shared your letter with Michael McCurry, my press secretary, for his consideration.

Sincerely,

Bill Clinton

Jon and Sheila Springs
1541 Beach Park Blvd.
Foster City, CA 94404-1437
(415) 572-0266

May 31, 1995

President Bill Clinton
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500-2000

Dear Bill:

I am forwarding a request from an acquaintance of mine, a fellow I met at a town meeting sponsored by our Congresswoman, Anna Eschoo. I wouldn't ordinarily do this, but his reason for asking me seems to be genuinely sincere.

His interest in making this request was triggered by articles about a group in the west holding meetings for men and their estranged sons. The publicized intent is to help them work through the troubled relations they had during the sons' childhood. Unfortunately, they dispense a healthy dose of right-wing politics along with the bonding. I think he would like to suggest in the article that the healing can be done without the politics.

I told him that the very best I could do would be to send the request in my name and with this cover letter and that there would be no guarantees as to your availability or willingness to participate.

He stated that he is willing to FAX your office a copy of the article which would be printed about the interview so that it might be reviewed for content.

If you have the time, please consider Bob's request. I'm sure you will make a proper decision on whether or not to grant the interview. A note to him one way or the other, I'm sure, would be appreciated.

Thanks for any consideration you may give to this matter,

Best regards,

Jon Springs

ROBERT M. HERHOLD
PASTOR

440 Hale Street
Palo Alto, CA 94301
415-322-5351

May 31, 1995

Dear Mr. President:

I would like to interview you for the San Jose Mercury and the Knight Ridder chain for a piece on Father's Day.

This could be accomplished in not over twenty minutes over the phone.

I believe the nation would be grateful to you for some words on this most significant subject.

I look forward to your reply and wish you well as our President.

Sincerely,

Bob Herhold

INTERVIEW WITH PRESIDENT CLINTON

1. How would you describe your childhood?

2. What are some of your most pleasant memories?

3. What have you been told about your father?

4. What kind of a man was your stepfather?

5. How did life change for you when he came into your home?

6. Did your mother change?

7. Did you have any arguments with you stepfather? Could you describe them?

8. Was there "a moment of truth" with him? What happened?

9. What effect did your stepfather have upon you as a father today?

10. What would you say to fathers and children who have differences, even battles?

11. What can all of us do to strengthen family life?

12. What can the government do?

13. Other Father's Day thoughts you have for the nation.

Robert M. Herhold grew up and attended public schools in Minneapolis. After serving in the Army Air Corps in World War II, he graduated from the University of Minnesota, attended Yale Divinity School and graduated from Luther Seminary. He served inner city, town and surburban Lutheran churches for 44 years. He worked as a reporter and won a First Place Award from the Arizona Press Club. The author of numerous newspaer and magazine features, and several books including FUNNY YOU DON'T LOOK CHRISTIAN and THE PROMISE BEYOND THE PAIN, Herhold is also a playwright with two recently produced plays.

440 Hale St., Palo Alto, Ca. 94301, (415) 322-5351

Abraham's sacrifice of Isaac: Did anyone consult Isaac?

BY THE REV. ROBERT M. HERHOLD

EDITORS of the Bible included the story of Abraham nearly killing his son, but not necessarily for the reason we suppose.

Long before Ted Turner discovered Abraham and featured him in a TV miniseries, religious people have had great difficulties with the astonishing instructions God gave to the Old Testament patriarch: "Take your son, your only son Isaac, whom you love, and go to the land of Moriah, and offer him there as a burnt offering upon one of the mountains of which I shall tell you."

The difficulties with the story increase: Abraham took a knife and started up the mountain. He and Isaac built a stone altar and placed wood on it. Then Abraham bound his son, and placed him on top of the altar. Just as Abraham was about to plunge his knife into his horrified son, an angel told the old man not to kill his son, that Abraham had passed the test with flying colors!

What's going on here? I have never believed the traditional view that God was testing Abraham's faith. If God would do this, we would be better off without God. In Sunday school my questions were treated like flies swished away by a horse's tail. "God's ways are not our ways!" was the most common reply.

Why would the editors of the Bible include a myth portraying a bloodthirsty God and a crazy old man who hears a voice telling him to stab and burn the son promised by God? Even to imagine that God would ask this presupposes a theology that may yet destroy us.

But suppose the biblical editors included the story of Abraham for another reason: It can stand as a warning against any religion that teaches that anything — from child abuse to killing to all-out war — can be justified simply by claiming that God ordered it.

In the final analysis, is Abraham any different from David Koresh, or from Dr. Baruch Goldstein, who gunned down his victims in the tomb of Abraham? All three believed in God, and Koresh and Goldstein may also have heard voices telling them they could sacrifice people who had no say in the matter. The chief difference was that God could not stop Koresh or Goldstein.

In the case of Abraham, his fatal delusion is left unchallenged until, lowering the knife to his son's heart, he hears God call the whole thing off: "Cool it, Abe, it's only a test."

Fine. But what about Isaac? Who the hell consulted him? Did Abraham look into his son's eyes when he bound him and put him on the altar? And if the old man did, how could he continue?

At least Abraham had what he took to be the word of God, while Isaac had nothing to go on except his father's ambiguous answer: "God will provide himself the lamb for a burnt offering, my son."

Another scenario: Suppose Abraham had said something like this to the voice he took to be God's: "If you are God, how can you go back on your promise? You promised Isaac not just to Sarah and me, but to all generations to come. I will not participate in a test of faith that asks me to destroy not only my son, but his trust in me. Even if you should change your mind at the last minute, the damage will have been done.

"Throw me into hell if you wish, but I will not use my son to gain heaven."

Might not such a reply have been proof of an even greater faith than God bargained for? But apparently Abraham did not have the kind of a faith that would have allowed him to say no to God. And he did not have that essential part of a healthy faith — a saving doubt! Faith that is not skeptical of any voice claiming to be the voice of God is not faith, but fanaticism.

Many willing to sacrifice

The spirit of Abraham, Koresh and Goldstein is still alive and willing to sacrifice other people. How far would wars get if it were not for fathers (sometimes mothers) willing to sacrifice their sons, and now their daughters, and to cheer them on to battle?

When my father saw me in a World War II buck private's uniform, he put his arm around my shoulder, and said for the first and only time: "I'm proud of you, son!" The proudest and most revered fathers and mothers from both world wars were gold-star parents. Will Rogers said if there were a gold star above a young man's photograph there would be a catch in the father's voice, and a tear in the mother's eye, which would not be there had the son been killed in an auto accident.

Wars will continue to flourish as long as these parents are proud of seeing their children marching off to kill or be killed.

And never is this willingness to sacrifice others stronger than in what is deemed a war in the name of God.

David Koresh persuaded his followers to take fatal risks, telling them that God would vindicate their faith. Centuries earlier the tempter told Jesus to throw himself from the pinnacle of the temple because scripture said that the angels "will bear you up." Instead of jumping off as a macho test of faith, Jesus replied: "Again it is written, 'You shall not tempt the Lord your God.' "

No more Koreshes needed

In a world of rising fundamentalism often turning into fanaticism, we surely do not need more paranoid people like Koresh, Goldstein or the Rev. Jim Jones, with delusions they attribute to the voice of God. When society is faced with fanatics, we need more doubting Thomases, not more true believers.

Jews, Muslims and Christians recognize Abraham as a central religious figure. Abraham could also be a desperately needed symbol of peace and unity.

A lesson could be drawn from the story of Abraham's willingness to use violence, even against his son. Instead of being interpreted as a test of Abraham's faith, it could be seen as a warning against such unquestioning sacrifices of others. All acts of violence threaten the future of life on this planet. Unless we begin by renouncing Abraham's willingness to sacrifice Isaac, the father of a multitude may become the destroyer of a multitude.

A former newspaper writer, the Rev. Robert M. Herhold is a Lutheran pastor and author. He lives in Palo Alto. He wrote this article for Perspective.

Resurrection of spirit is key to Easter

San Jose Mercury News

Saturday, April 22, 1995

BY ROBERT M. HERHOLD
Special to the Mercury News

RECENTLY, members of a church in suburban Minnesota constructed a large tomb and placed it next to the altar for Easter Sunday. Some adults found this a helpful symbol of Easter, while others considered it too literal. They felt it represented only a part of the resurrection.

COMMENTARY

Beginning with the first Easter morning, people have pondered what happened to Jesus' body. Matthew 28:11-15 says that some of the elders in Jerusalem bribed the guards of the tomb to tell people that Jesus' disciples had stolen his body. Most traditional Christians believe there was a miraculous transformation of his body, while others, such as members of the Jesus Seminar, believe in the resurrection as a spiritual but no-less-real phenomenon.

Resurrection is a vital tenet

The New Testament is clear that the women who came to the tomb, along with the disciples, experienced that Jesus was alive. Despite their initial disbelief, and the life-risking hazards of believing, they soon proclaimed that Jesus overcame death. Many followers later suffered torture and death and the hands of the Romans rather than renounce their faith. Most biblical scholars and historians agree there would be no Christian faith today if it were not for these martyrs and their faith in the resurrection.

For many Christians, to ask what happened to Jesus' body is to ask the wrong question. There is no point in trying to "unscrew the inscrutable," as one minister warned. Better to leave that question a mystery, and get on with what the resurrection means to believers today.

Tomb can be a distraction

The focus on the empty tomb can obstruct its deeper meaning, that Jesus conquered sin and death and all else that would defeat us. The old adage holds no proof is necessary for those who believe, and no proof is possible for those who do not believe.

Easter for Christians is not simply a springtime of hopeful feelings, but a faith that nothing can separate us from the love of God. This faith has been rooted for 2,000 years in a community founded upon the resurrection of Jesus Christ. The church, with all its fallibility, is still the "community of the resurrection" that has been entrusted with the good news of Jesus' victory over death.

To know what the resurrection is all about, one needs to find people who are alive with that faith, as a coal needs other coals to burn. Even if we are doubting Thomases, there is hope and room for us, if like Thomas, we remain a part of the community where the resurrection is taught.

Spiritual side is uppermost

The heart of the resurrection is not scientific but spiritual. Many of us live lives so distant and devoid of God that when we hear we can live forever with God, we don't know what to make of it. Why would anyone want to live forever if this life is a drag? It would be like a suitor cooking an unpalatable meal for a lover, and then saying, "I want to cook all of our meals forever!"

If we don't experience the resurrection now, it holds little appeal for the future. By tasting God in little resurrections, by reading our lives backward, by seeing the joy as well as the tears, we develop a new palate, and nothing short of the resurrection will satisfy us again.

I recently participated in the funeral of a very dear person, my brother's wife and my wife's best friend since childhood. We knew from her life that we had been touched by eternity. As we laid her to rest, we sensed in our tears that God had only begun to work in Gladys. From her laughter and her ability to transform the dismal into the joyful, the hopeless into the hopeful, we recognized that an amazing grace had touched her life. We learned from this vital, caring, humorous woman that the resurrection had taken place and was taking place before our eyes.

Robert M. Herhold is a pastor and playwright who lives in Palo Alto.

The time is ripe for 'Anger Anonymous'

BY ROBERT M. HERHOLD

THE WATER pump on my diesel-powered car broke and the engine overheated. By the time I noticed the red light on the dash, it was too late. I pulled over, popped the hood, and the steam poured out. The mechanic told me the bad news: I needed a new engine.

We humans come equipped with another kind of mental red light that warns when our emotional engine starts to overheat. Years before he allegedly murdered his ex-wife and her friend, O.J. Simpson's red light flashed on many times. And it flashed on for the authorities; yet, beyond a slap on the wrist, no one did much about it. Unlike a diesel engine, angry people can keep running on hot for a long time. The problem is often shrugged off until the engine blows up, but with humans a new engine is not easily installed.

We have all been in situations where we start to do a slow, or not so slow, burn. We feel our blood pressure rising and we know that unless something changes quickly, we will boil over. But often we are so intent on making our point and winning our case that we ignore the warning until it's too late. Besides, it's un-American to turn the other cheek. Even worse for a man, it's too often considered wimpy.

According to news reports, the mutilated bodies of Nicole Brown and Ronald Goldman reveal that they were murdered by a person or persons most likely in a terrible rage. This was no street mugging. If it was Simpson, and if jealously was his problem, he ignored the fact that the green-eyed monster would sooner or later destroy him. Forget his coolness on the football field, or his ability to run through a phalanx of tacklers, if he did the crime, O.J. was unable to handle his demon. He kept running straight at a monster that tackled him every time. And he had plenty of so-called friends around to pick him up, slap him on the bottom and send him back into the game.

If he is guilty, O.J. must have known what going back to Nicole's house would do to his psychic temperature, but he chose to ignore the warning. If only he had paid attention to the flashing red light in his mind before he saw it on the tops of police cars.

Whether it be jealously, controlling another person or always being No. 1 that flashes on the red light, there are things that can rule and ruin us. We cannot always win; we cannot always have the last word; we cannot always vindicate ourselves. Therapy may have helped O.J. modify his rages, but all his life he needed to watch out for his demon, much like the alcoholic needs to watch out for the first drink. It takes more strength and courage to walk away from these situations than it does to stand and "fight like a man." O.J. must wish he had used his vaunted speed to take off once he felt a rage coming on.

Who of us doesn't have to be continually careful that we don't allow a minor traffic incident to escalate into a front-page story? If we are to survive in today's society, we have to be able to read the signs, and know when "to hold them and when to fold them." And increasingly, folding them is the smartest thing to do. There are too many people who are walking bombs.

We need another kind of AA, Anger Anonymous. Who of us knows under what conditions we can snap and become powerless over our anger? The first thing an alcoholic who wants sobriety must do is admit that he or she is powerless over alcohol. Then that person must surrender her life to a higher power. The hardest part is to admit that sometimes we cannot control ourselves all by ourselves.

In 1989, when O.J. pleaded no contest to beating up his wife, both he and the courts took it so lightly that they agreed that counseling, some of it over the phone, was sufficient. Perhaps things could have been different if instead of rescuing O.J., or cheering him on ("Go Juice!"), he had been forced early to suffer the consequences of his anger. The key is the pain of acknowledging that one's life is out of control. The next step is surrendering to a higher power. But with some people there seems to be no power higher than themselves.

I once counseled a group in a county jail who called themselves Checkwriters Anonymous. They wanted to follow the AA program except for a few things like the "higher power stuff." Little change took place, and some sessions turned into an "I can top this" contest as members recounted capers. They wanted to avoid the pain of admitting their addiction, the humility of self-inventory and the surrender of their lives to a higher power.

O.J. Simpson seems to have surrounded himself with power people, while he needed people who had found another kind of power. He needed something greater than himself when the red light appeared. ■

Robert M. Herhold is a playwright, pastor and journalist living in Palo Alto. He wrote this article for Perspective.

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

THE PRESIDENT HAS SEEN
6/12/95

June 7, 1995

95 JUN 7 P10 : 18

MEMORANDUM FOR PRESIDENT CLINTON

FROM: LESLIE B. SAMUELS LBS
ASSISTANT SECRETARY (TAX POLICY)

THROUGH: SECRETARY RUBIN RER

SUBJECT: Capping the Growth of Tax Expenditures

You have expressed interest in capping the growth of tax expenditures in a manner similar to caps in the growth of outlay programs in Congressional budget proposals. As described below, explicit caps on the growth of tax expenditures would be technically infeasible and would raise serious political concerns. It is possible, however, to design across-the-board changes in selected tax provisions in a way that would reduce the growth of projected tax expenditures for the groups of items selected.

The Tax Expenditure Concept is Ambiguous

Tax expenditures are revenue losses due to preferential provisions of the Federal tax laws, such as special exclusions, deductions, credits, deferrals, or tax rates. The definition of a "preferential provision" requires defining a normal income tax that these provisions depart from. For example, the revenue loss from the lower tax rates for small corporations is counted as a tax expenditure because the concept of a normal income tax does not allow for graduated corporate rates.

The normal income tax is a concept developed and refined by academic and government analysts. While it is a useful device for understanding how certain special tax provisions compare with direct outlays in assisting sectors of the economy (such as housing or energy), it has no independent legal standing. Moreover, the concept is controversial. House Republicans object to the tax expenditure concept entirely and complain that it implies that all income belongs to the government. Others accept the concept, but would construct a different normal tax. (Congressional and Administration lists, though broadly similar, are not identical.) For example, the normal tax includes the provision that limits deductions for passive losses--exceptions to the passive loss rules for oil and gas and some real estate are counted as tax expenditures. But some analysts would argue that all losses should be deductible to measure income properly and therefore provisions that allow some passive losses to be deducted are not tax expenditures.

Reducing Tax Expenditures is Not Equivalent to Reducing the Deficit

Policies that reduce the deficit do not necessarily reduce tax expenditures by anything close to the same amount and may even increase tax expenditures:

- Tax expenditures are the difference between revenues under the "normal" tax and revenues under actual tax law. Thus, they are affected both by changes in special provisions and by changes in provisions of the normal income tax. If the investment credit for historic structures were eliminated, revenue would increase and tax expenditures would decline. But, in contrast, if the top corporate tax rate were increased (a provision of the normal tax), corporate revenues would increase, and corporate tax expenditures would also increase because special tax deductions, exclusions, and deferrals cost more at higher rates.

- Tax expenditures measure the revenue difference between current law and the normal tax at current levels of taxpayer behavior. But revenue estimates take account of behavioral responses to changes in the tax law. For example, if the maximum 28% rate on capital gains were repealed and gains were subject to the top 39.6% rate on ordinary income, the tax expenditure for capital gains would be eliminated. But revenue would increase by at most a fraction of the tax expenditure and might decline because realizations of capital gains would fall.

- Tax expenditures for provisions affecting saving and investment reflect the revenue effects on all assets in place in any year. But changes in investment incentives usually only affect new saving or investment. For example, a 10 percent reduction in the annual cap on new investments in low income housing would reduce the tax expenditure by much less than 10 percent in the first few years because it would not affect revenue losses on existing low-income housing.

Tax Expenditure Limitations Have Political Costs

Global limits on tax expenditures would hit many provisions (such as immediate expensing of research and experimentation costs) that we would not want to change for either policy, administrative or political reasons. But specifying a list of tax expenditures would identify the affected industries and stimulate strong opposition. Republicans in Congress would portray these cutbacks as a broad-based increase in business taxes.

Across-the-Board Measures Can Restrain Overall Growth of Tax Expenditures

While specific dollar caps on most tax expenditures are not feasible, it is possible to enact broad-based cutbacks in a list of tax expenditures. These cutbacks could be designed to reduce the projected total growth in revenue losses associated with any specific list of tax expenditure provisions. The method of cutback would differ for different provisions.

- Provisions that provide exclusions of income could be converted into partial exclusions. (An example is the exemption of credit union income from tax.)

- Provisions that provide tax credits for new investments could be subjected to a percentage reduction in the credit rate. (An example is the 10 percent credit for rehabilitation of non-historic structures.)

- Provisions that are currently capped can be subject to reduced caps. These caps require that there be some State or Federal agency to ration eligibility for the tax benefit. (There are currently dollar caps on the low-income housing credit and volume caps on the amount of private purpose tax-exempt bonds that States may issue.)

- Provisions that provide timing benefits (such as accelerated depreciation or expensing) can be scaled back by allowing the taxpayer to use expensing or accelerated cost recovery for only a fraction of the investment. (An example is intangible drilling costs; the major oil companies can deduct 70% of such costs immediately and must recover the remaining 30% over five years.)

We are currently examining alternative ways of providing across-the-board reductions in a selected list of corporate tax expenditures. Selection of the list will, of course, raise political issues associated with targeting particular groups.

THE PRESIDENT HAS SEEN
6/12/95

...w backbone at the Clinton White House

Despite glaring failures, he's had more success than people think

Montana Telegraph 6/5

Longtime watchers of President Clinton are asking themselves and each other a question: "Has Clinton received a backbone transplant?"

Suddenly, he's tough. He's acting like a leader. He's articulating policy. Physically he seems to be everywhere. And his popularity is up.

Perhaps it's just politics. But it's definitely happening, and he's definitely getting different advice.

A president who has never vetoed a bill, he's now threatening to veto at least four and probably more. He insists he'll veto spending cuts he doesn't like. He will veto weakening amendments to the Clean Water Act, arguing one out of five Americans already drinks unsafe tap water. He says he'll just say no to proposals in welfare that would dramatically change food stamps. And he's adamant that "shortsighted, scattershotted" cuts in foreign aid and the diplomatic bureaucracy won't get past his desk.

In his commencement speech to the U.S. Air Force Academy in Colorado Springs, he said "go forth" only once. He spent most of the time browbeating Republicans in Congress.

In Montana, where gun ownership is sacred, he lectured voters about the opposition to the assault weapons ban passed by Congress but so disliked by many gun owners. He said the mortality rate from gunshot wounds in urban areas is 300 percent higher than 15 years ago because "people are more likely to have more bullets in their bodies when they're hauled in (to hospitals)."

Explaining his refusal to even talk about going back on what actually is an

ineffectual ban on assault weapons (many gun owners get around the ban by reconfiguring their weapons), he added, "I got tired of reading about little kids who were honor students in their inner-city schools being shot at bus stops because they got caught in crossfires."

After the Oklahoma City bombing focused attention on Americans who hate Americans, he went to Michigan and denounced militia members who badmouth their country and decry their perceived lack of freedom.

In Montana, Clinton said political divisions and hate crimes in America are not just a political problem but a community problem.

This was his message: "It takes a long time to turn and to face things. But this country is still around here after 200 years because we found a way to disagree in a way that permitted us to work together and move forward. And we can win the struggle for the American Dream in the 21st century if we will find that way now."

He is along getting tough on trade with Japan. Despite the uproar from U.S. dealers of foreign cars, Clinton said that unless Japan opens its markets to U.S. cars and auto parts, he will impose a 100 percent duty effective June 28 on Japanese luxury cars made just for U.S. sale. Trade Representative Mickey Kantor says Clinton is serious.

Even on Bosnia, where Clinton's confusing policies have been marked mainly by trying to avoid the issue (he has never made a major speech on the war), he now apparently has promised NATO allies that if they ask for U.S. ground troops to help re-deploy and safeguard U.N. peacekeepers, they'll get them.

It is unclear what Clinton means to do, but he has his fingers crossed that it will be a minor, temporary, risk-free maneuver, not the start of a disaster.

It is also evident he will run into enormous disagreement in Congress if, in fact, he tries to send troops into Bosnia and does not outline a very limited, very detailed mission.

But even so it is a striking change of policy aimed at trying to shore up NATO and the United Nations and possibly to show a new, tougher resolve against some aspects — but not all — of Serb aggression.

Despite such glaring failures as the complete disappearance of health care reform, Clinton has had more success as president than most people think, from passage of his legislative goals to economic growth to deficit reduction to excising bureaucrats from the government. But he is still thought of by many as a flip-flopping wimp.

The new emphasis on a stiffer spine at the White House may well be politically motivated. But Clinton cannot win re-election unless it succeeds.

□ □ □

Ann McFeatters covers the White House for Scripps Howard News Service.

FROM :

THE WHITE HOUSE
WASHINGTON

June 9, 1995

THE PRESIDENT HAS SEEN
6/12/95

MR. PRESIDENT:

A copy of the attached fax from Jesse Jackson has been provided to the NSC to prepare a response.

Todd Stern

Bowles
Work should we suggested - should you call him?
BC

NATIONAL RAINBOW COALITION

95 JUN 9 P12 : 34

June 8, 1995

Honorable William Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Clinton:

I am writing this letter to you out of deep concern for the two Americans now being detained by the Iraqi government, William Barloon and David Daliberti, after being arrested for illegally entering Iraqi national territory.

Having had discussions with officials of the Iraqi government, I am convinced that a moral appeal to you, Mr. President, on behalf of these American citizens, seeking their release from prison, would meet with a favorable response from President Saddam Hussein. The United Nations has accepted responsibility for their being mistakenly misdirected into Iraqi territory. Their families are deeply anxious about their condition since one of the men is not in good health; and the cased is an unnecessary added source of tension between our country and the countries of the Middle East.

It is hard to conceive of any U.S. national interest being served by a rigid attitude of refusing to ask for their release on humanitarian grounds. A simple request from you, Mr. President, not linked to any U.N. resolution, could result in sparing these men further incarceration, (under an eight year prison sentence) and their families further pain and anxiety.

It is my sincere hope that you will give serious thought to this urgent request and used your good offices to act upon these humanitarian concerns.

Sincerely,

Jesse L. Jackson, Sr.
President
National Rainbow Coalition

Reverend Jesse L. Jackson, President and Founder
Dennis Rivera, Chairman, Board of Directors
Francisco L. Borges, Treasurer
The Honorable Salima Siler Marriott, Secretary

PO Box 27385 • Washington, DC 20005 • (202) 728-1180 • fax (202) 728-1192

THE PRESIDENT HAS SEEN
6/12/95

THE WHITE HOUSE
WASHINGTON

95 JUN 9 P8:05

June 9, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: **KITTY HIGGINS** Kitty

SUBJECT: **Summary of Cabinet Weekly Reports**
June 9 - June 16, 1995

HHS and EPA: On June 15, the Centers for Disease Control (CDC) -- in conjunction with EPA -- will release a set of recommendations and guidelines on the consumption of municipal tap water by persons with compromised immune systems. Persons with full blown AIDS and those who are undergoing cancer-related chemotherapy are the principal beneficiaries of these guidelines, which will recommend that those with impaired immune systems consult with their doctors about taking extra precautions such as boiling their tap water for one minute, drinking distilled or bottled water or using certain water filters rather than drinking the municipal water supply. At issue is the possibility of contracting infection through a water-born bacteria called *cryptosporidium*. CDC will take the lead in engaging the press, notifying the appropriate community and health care provider groups as well as the general, scientific and specialty media. EPA will handle all questions regarding the water supply. **Emphasis will be placed on the fact that healthy persons are not at risk because their immune systems are sufficient to combat this bacteria in the water.**

Department of Treasury

- **Halifax:** Secretary Rubin will participate in this week's meetings in Halifax.

- **Pennsylvania Avenue Closing:** This week Treasury officials met with DOJ representatives to provide information and assistance in the preparation of pleadings in *Thomas v. United States*. This is a pro se action brought by a resident of Lafayette Park who objects to the closing of Pennsylvania Avenue. The pleadings are to be filed by Wednesday, June 14.

- **White House Conference on Small Business:** Secretary Rubin, Comptroller Ludwig, and IRS Commissioner Richardson will address the White House Conference on Small Business.

- **Nonprocurement Debarment:** Treasury's Office of Management has submitted a final regulation concerning the rules under which a corporation is forbidden (debarred) from doing future business with the Department because of misconduct. Under existing regulations,

there two sets of debarment rules, one for corporations who commit misconduct as a contractor, and another for corporations who commit misconduct in another capacity (e.g. as the recipient of a grant). The regulation , which is being issued with other government agencies and is being coordinated by OMB, will make one set of rules as to when a company can be debarred.

- **Treasury Loans to District of Columbia:** Treasury officials met with representatives from the General Accounting Office regarding the draft financing documents establishing the terms and conditions on which Treasury proposes to make loans to the District. Discussions focused on assurances GAO can provide Treasury as to whether the District's borrowing will be to pay expenses of the type and in the amounts that have been authorized by Congress. Treasury staff also met with representatives of the District Government to discuss the proposed financing documents, and began establishing procedures for processing borrowing requests from the District.

Department of Commerce

- **Elimination of DOC:** In close coordination with the White House, DOC continues to respond aggressively to GOP proposals to eliminate the Department.

- **Commerce will Release the Following Economic Data:**

Quarterly Financial Report	
- Manufacturing, Mining and Wholesale Trade for 1st Quarter 1995	June 12
Advance Retail Sales for May 1995	June 13
Manufacturing and Trade: Inventories and Sales for April 1995	June 14.

- **U.S.-Indian Conference:** On Monday, June 19 Secretary Brown travels to California along with Indian Commerce Minister Chidambaram for the opening of the U.S.-India Commercial Alliance conference entitled "Information Industries: Opportunities in India."

- **Hemispheric Trade and Commerce Ministerial and Forum:** DOC continues to work closely with co-host USTR on the Hemispheric Trade and Commerce Ministerial and Forum to be held in Denver on June 29-July 2, as a follow-up to the Miami Summit.

- **State Log Export Ban:** Pursuant to the state log export ban mandated by the Forest Resources Conservation and Shortage Relief Act of 1990, Secretary Brown sent Congress the report on the ban and sent letters to the governors of Washington and Oregon giving final authority to operate state log export programs in lieu of a Federal program.

- **Census Bureau Director Waits for Judgment:** The Census Bureau Director will not seek public comment on the 1995 intercensal adjustment issues until the Supreme Court has ruled in *The City of New York v. Department of Commerce*. The decision to postpone public comment was based on DOJ concerns and the view that the lawsuit issues must take precedence.

Department of Labor

- **Summer Jobs:** On Monday, June 12, Secretary Reich participates in a conference call with 5-7 mayors in cities that run successful private summer jobs programs. Press representatives will also be in on the conference call. On Tuesday, June 13, the Secretary participates in a summer jobs 1995 kick-off event with mayors, business leaders and students at the National Press Club. Secretary Reich has invited Speaker Newt Gingrich to join him in challenging private sector employers to provide summer jobs to young people.

- **UAW:** Secretary Reich addresses the United Auto Workers Convention in Anaheim, California on June 15. The UAW will be installing a new President, Stephen Yokich.

- **AT&T Labor Dispute Update:** On June 5, the CWA executive board gave union president Morty Bahr the authority to call a strike in the union's dispute with AT&T. CWA membership had approved a strike by a vote of more than 95 percent. The IBEW has pledged solidarity with the CWA. Major unresolved issues include health benefits for retired workers, wages, pensions, subcontracting, transfer rights to nonunion units, and organizing nonunion AT&T subsidiaries. Negotiations continue.

- **Teamsters Update:** On June 5, representatives from 70 Teamsters locals unanimously rejected a settlement offered by the National Automobile Transporters, and recommended that the membership also reject the contract offer. The mail ballot vote is expected to take several weeks to complete. A Teamster spokesperson indicated that the union does not anticipate an immediate strike threat, even if the offer is rejected. The carhaul agreement expired on May 21.

- **National Baptist Convention:** On Wednesday, June 21, Secretary Reich delivers a major speech at the National Baptist Convention in San Diego, California. Approximately 5000 are expected to attend.

- **Possible Stoppage of Metro-North Commuter Railroad:** Unless an emergency board is requested by the parties, the Governor of New York, or the Governor of Connecticut, a work stoppage on the Metro-North commuter railroad could occur as early as 12:01 AM on June 22. Metro North serves 105,000 commuters a day, or 18 percent of the nation's rail commuters. Ernest W. DuBester, chairman of the National Mediation Board, will provide direct briefing to top Administration officials as developments occur.

- **Anti-Bridgestone/Firestone Campaign:** Union organizers from the Rubber Workers and the Steelworkers are planning an intensive corporate campaign against Bridgestone/Firestone. The two unions expect to conduct hundreds of demonstrations to support an AFL-CIO boycott of the company's products.

Department of Transportation

- **Midwest Flooding:** Portions of the Mississippi, Illinois, and Missouri Rivers remain above flood stage, although the waters are receding. Some bridges and small general aviation airports remain closed, but all interstate highways are open. Although there are some rail delays, mainline activities and interstate commerce are relatively unaffected. The Coast Guard has reopened certain sections of the various rivers in the area to limited traffic, but over 200 tows and thousands of barges on the river system remain stranded. Many of the approximately 80 Coast Guard Reservists called up to active duty to assist in disaster response operations have been released. DOT continues to coordinate with emergency management agencies throughout the region.

- **International Aviation Issues in the United Kingdom:** On June 5, the U.S. entered into an international aviation agreement with the British. The U.S. secured the right for a second carrier on the Chicago-Heathrow route. The British are entitled to increase services on the London-Philadelphia route. On June 19, the two sides will begin intensive negotiating to pursue liberalization of cargo, charters, and pricing, and further rights for the U.K. to compete for U.S. Government traffic.

- **International Aviation Issues in Japan:** Dialogue between Japanese and U.S. officials continues in seeking resolution of civil aviation issues involving approval of Federal Express schedules to serve points in Asia beyond Japan. The two sides will meet when Japanese officials arrive in Washington for the APEC transportation summit on June 11.

- **International Aviation Issues in the Netherlands:** U.S. and Dutch officials have completed negotiations on the first Bilateral Aviation Safety Agreement (BASA).

- **U.S.-Brazil Aviation Talks:** Talks between U.S. and Brazilian officials began in Washington on June 6 to negotiate more opportunities for carriers of both countries.

- **Drug and Alcohol Testing Regulations:** In the next several weeks, the Department will publish a final rule requiring Canadian and Mexican truckers operating in the U.S. to comply with U.S. drug testing rules beginning January 1, 1996. DOT is working with Canada and Mexico to insure a smooth transition, but differences in the three nations' legal regimes may cause some problems (*e.g.*, Canadian law prohibits random drug testing).

- **Head Impact Regulations:** DOT has forwarded a rulemaking to OMB that will require cars and light trucks to provide better head protection for occupants. DOT estimates these requirements will save over 1,000 lives annually. The requirements will be phased in over five years and will cost $600 million, which will translate to about a $33 increase per car. DOT estimates an annual economic benefit of at least $800 million. This will be a major issue for the auto industry.

Small Business Administration

- **White House Conference on Small Business:** The Conference starts on Saturday, June 10. You and the Vice President will address the morning session.

U.S. Trade Representative

- **Fast Track Legislation.** This week Ambassador Kantor met with Chairman Bill Archer to discuss the viability of fast track legislation. Chairman Archer is committed to moving fast track this year, but feels that it is premature to discuss the details of a proposal or the strategy. He will meet with Republican freshmen this week to assess their level of support.

Department of Justice

- **White House Travel Office:** The House Committee on Government Reform and Oversight has undertaken an oversight investigation concerning the White House Travel Office, which will focus on actions taken by officials at the White House, DOJ, FBI, and the IRS. Justice has asked the Committee to delay hearings, interviews, and depositions regarding this matter until the Department prosecution of Mr. Billy Ray Dale is concluded. Trial of that matter is scheduled for September 11.

- **Department Arrests Cali Drug Mafia Attorneys.** Culminating a four-year investigation, 62 people were indicted on charges of drug conspiracy that had enabled the Cali drug mafia to continue and expand its operations into the United States. The 62 defendants indicted include a former DOJ official and two former AUSAs.

- ***South Carolina v. O'Leary*:** On June 8, DOJ appealed a district court ruling that enjoined the transportation of spent nuclear fuel by the Department of Energy on the grounds that the agency's analysis under NEPA of the urgent shipment program was inadequate.

- **California Voting Challenge:** On Friday, June 16, 1995, the Ninth Circuit hears oral argument in *Wilson v. United States*, California's 10th Amendment challenge to the National Voter Registration Act (NVRA). The district court held that the NVRA was a proper exercise of Congressional authority to regulate elections for federal office and issued a permanent injunction requiring the state to implement the Act. The U.S. will defend this ruling.

- **Vulnerability Assessment of Federal Facilities:** The written report is due June 20, 1995.

- **Terrorism Bill:** On Monday, June 12, the Deputy Attorney General testifies before the House Judiciary Committee on the Administration's Terrorism Bill.

- **Immigration Legislation:** On Thursday, June 8, the Senate Judiciary Subcommittee on Immigration marked up legislation. The subcommittee substitute includes significant Administration-originated provisions. DOJ will continue to work with subcommittee members to improve the markup legislation.

- **Solicitor General Files Petition For Certiorari In Census Case, *Department of Commerce v. City of New York.*** Following the completion of the 1990 census, Secretary of Commerce Mosbacher investigated the possibility of statistically adjusting the census figures that had been transmitted to the House of Representatives in January, 1991. The Secretary ultimately determined that an adjustment should not be made, concluding that the adjusted numbers had not been shown to improve the distributive accuracy of the census. A variety of plaintiffs filed suit. The district court ruled in favor of the federal defendants, but the court of appeals reversed and remanded the case for further proceedings. On June 5, the Solicitor General, on behalf of DOC and the other federal defendants in this case, filed a petition for a writ of certiorari, arguing that the Secretary acted lawfully in valuing distributive accuracy over numeric accuracy and in concluding that the proposed statistical adjustment had not been shown to improve distributive accuracy.

- **Solicitor General To File Petition For Certiorari in *United States v. Xerox Corp.*** On June 7 we filed in the Supreme Court a petition for certiorari in this case. The case presents a question potentially involving several billion dollars of revenue and concerning the proper interpretation of a provision in the tax treaty between the United States and the United Kingdom. The substantive question involves construing the treaty to determine the proper year in which to allow Xerox to claim a foreign tax credit. Xerox claims it is entitled to that credit in 1974, while the United States contends that under the treaty and British law, Xerox may be allowed the credit only in a later year.

- **Phillip Morris-Removal of Tobacco Ads.** On June 6, DOJ entered into a consent decree with Phillip Morris wherein they agreed to remove signs from locations in which it is "reasonably foreseeable" that the sign would be electronically broadcast in violation of the 1971 ban on cigarette advertising.

- *Native Forest Council v. US Forest Service*, **(D.Ore.)**. A District Court judge in Oregon denied plaintiff's motion to enjoin 12 Forest Service Timber Sales in Washington and Oregon Planned Pursuant to the President's Pacific Northwest Forest Plan. The court held that the Forest Service had adequately assessed the presence of grizzly bears and gray wolves on the Gifford Pinchot National Forest, where six of the sales are located, and did not need to conduct surveys for these species. The court also held that the Forest Service and the Fish and Wildlife Service (FWS) had considered the sales against the appropriate environmental baseline.

- **Microsoft Corporation:** On Sunday, June 4, DOJ notified Microsoft that it had begun an investigation into two areas of alleged anticompetitive conduct and requested additional documents from the company through civil investigative demands. DOJ is concerned that Microsoft may be violating parts of its consent decree.

Department of Health and Human Services

- **First Stage of "Operation Restore Trust" Continues:** This initiative was announced at the White House Conference on Aging in early May and targets Medicare and Medicaid fraud in five key states, . In June, the first phase will continue with the announcement of a hotline for voluntary fraud disclosure. Following the first state meeting held in Dallas last week, HHS continues with state meetings this month in Florida, California, Illinois, and New York. Secretary Shalala and other HHS officials will visit these five states to highlight the initiative during the summer. The second stage, beginning in July, will feature anti-fraud alerts and completed investigations leading to recoveries and indictments.

- **Medicare Fraud:** On Thursday, June 15, June Gibbs Brown, HHS's Inspector General, and HCFA Administrator Bruce Vladeck, testify before the House Government Reform and Oversight Committee's Subcommittee on Human Resources and Intergovernmental Affairs on the issue of sanctions against providers who continue to bill Medicare after being convicted of fraud and excluded from the Medicare program. On Tuesday, June 20, Administrator Vladeck testifies before the House Subcommittee on Human Resources and Intergovernmental Relations on HCFA's efforts to combat fraud and abuse.

- **HHS-Commissioned Report on Teen Pregnancy to be Released:** On June 16, an HHS-funded report on adolescent pregnancy prevention will be released. The report reviews the variables that contribute to adolescent sexual behavior, pregnancy and parenthood. It also reviews pregnancy prevention interventions, identifies areas in which research might be strengthened, and provides a framework for evaluating interventions. Briefings for Hill staff and the public are scheduled for June 16.

- **Conference on Viral Safety:** On June 14-16, an international conference and public meeting on viral safety will be held on the NIH campus, providing an opportunity for the exchange of information on the viral safety of biological products. This conference may get media attention in light of the recent shipment of the bubonic plague virus from a private lab to an Ohio man.

- **Xenograft Transplantation:** The FDA, CDC, NIH, and the Institute of Medicine are sponsoring a meeting on June 25-27, titled "Xenograft Transplantation: Science, Ethics, and Public Policy." Xenograft transplantation involves the implantation of animal tissues in humans.

- **Clinton/Gore '96:** On Thursday, June 15, Secretary Shalala will attend a

Clinton/Gore Re-elect fundraising reception in Seacaucus, New Jersey.

- **Wisconsin.** Secretary Shalala travels to Madison, Wisconsin on Friday, June 16 and conducts a number of press interviews on welfare reform.

- **Child Support Enforcement:** On Tuesday, June 13, the Ways and Means Subcommittee on Human Resources will hold a hearing on child support enforcement. Mary Jo Bane, Assistant Secretary for Children and Families, will testify.

- **Gulf War Illness:** Progress has been made on identifying a staff director for the Gulf War Advisory Committee and we are currently in the process of vetting the candidate. The first meeting of the Advisory Committee will happen this summer.

  The June 15 issue of *MMWR* will carry the preliminary results of an investigation about illness among Persian Gulf War veterans from an Air National Guard unit in Pennsylvania. Preliminary analysis conducted by CDC at the request of DOD and the VA, shows a strong and significant association between reported chronic symptoms and deployment to the Persian Gulf. The report's authors suggest that the investigation be "interpreted with some caution" since the "nature, extent, and risk factors of Persian Gulf War veterans' health problems have not been clearly established." HHS is in touch with the White House on this issue.

- **JAMA Article on Violence.** Next week's *Journal of the American Medical Association* will be a special theme issue on violence, released at a news conference on Tuesday morning. One of the articles will explain research conducted at CDC that found for every person shot and killed by a firearm in the United States, three others are treated for nonfatal firearm injuries in emergency departments. The ratio is even higher for African-Americans and people 15 to 24 years old.

Social Security Administration

- **Advisory Council on Social Security:** The 1994-95 Advisory Council on Social Security held a meeting on June 2-3 in Washington D.C. The Council is considering several proposals that would both raise taxes and cut benefits to varying degrees. It has not yet firmed up specific recommendations or reached consensus on proposals, but the Council is striving to achieve consensus in time for issuance of a final report later this year. The next meeting has tentatively been scheduled for July 27-28.

- **Confirmation Hearing on Public Trustee Nominees to the Boards of Trustees of the Social Security and Medicare Trust Funds:** The Senate Finance Committee is expected to hold a confirmation hearing on Thursday, June 8, for the Public Trustee nominees to the Boards of Trustees for the Social Security and Medicare Trust Funds. The nominees are: Stephen G. Kellison, Vice President and Chief Actuary of The Variable Annuity Life Insurance Company of Houston,

Texas; and Marilyn Moon, Senior Fellow with the Health Policy Center, the Urban Institute.

Housing and Urban Development

- **Chicago Housing Authority (CHA)-- Update:** On May 30, HUD took legal responsibility over the troubled CHA. On Friday, June 9, HUD/CHA held a press conference to brief the public on recent activities and to illustrate the financial and management problems HUD inherited. On Thursday, June 15, HUD hopes to announce a security plan that would make changes in personnel, establish police mini-stations, put greater reliance on law enforcement officers and less reliance on contract security, and initiate community policing programs. Next week, HUD is also hoping to initiate a summertime cleanup effort targeted at, at minimum, five family development sites.

- **HUD Reinvention Strategy:** Next week, HUD will kick-off the next phase of the HUD reinvention strategy -- Building Communities of Opportunity. HUD will highlight the Department's efforts to use state-of-the art technology to streamline application processes and to better connect HUD with citizens at the local level. In addition, HUD will announce winners of several major Administration grants -- the $900 million Continuum of Care grant, the nation's largest homeless assistance grant, and the Economic Development Initiative, one of the Administration's most successful economic development programs. HUD is working with Cabinet Affairs and the Vice President's office to plan Presidential participation in these announcements.

- **Announce Dallas-HUD Partnership's Action Plan:** On Wednesday, June 21, Secretary Cisneros travels to Dallas to announce the one-year anniversary of the signing of the community partnership agreement between HUD, the State of Texas and the City of Dallas. Newly-elected Mayor Ron Kirk will participate. The ceremony will also highlight the Administration's Operation Safe Home initiative. Operation Safe Home is an interagency effort involving HUD, DOJ, Treasury, and state and local law enforcement agencies) to combat crime in public and assisted housing.

Building Homes with former President Jimmy Carter: On Thursday, June 22, Secretary Cisneros travels to Los Angeles and joins former President Jimmy Carter, Mrs. Carter and hundreds of volunteers in building 20 wood frame homes in South Central Los Angeles.

Office of National Drug Control Policy

- **Expected Presidential signing of the Heroin PDD next week:** This PDD sets forth a revised policy toward Burma; a policy of engaging Burma on their production and export of heroin which eventually ends up on the streets of America. This is a major policy shift, but is being done in way that protects the

human rights interests. A major marketing initiative of this new policy is being developed to maximize impact but limit negative reaction from special interests.

Department of Education

- **Youth Violence.** On Tuesday, June 13, Secretary Riley participates in a forum on youth violence sponsored by Harvard University and Metropolitan Life.

- **California Trip:** Secretary Riley is in California June 15 through June 19. On Thursday, June 15, he participates in a DNC political strategy meeting. On Saturday, June 17 he speaks at Representative Lynn Woolsey's budget summit. He will also speak at the incentive awards banquet of the University of California, Berkeley, and participate in a School-to-Work roundtable with Representative Nancy Pelosi.

Environmental Protection Agency

- **Compliance Incentives for Small Businesses:** Administrator Browner will approve significant enforcement relief for small businesses by giving small businesses a grace period during which to correct violations without being subject to a penalty. The policy also affirms EPA's discretion to mitigate penalties whenever a small business makes a good faith effort to comply with environmental requirements. EPA estimates that more than 90 percent of businesses in the country will be able to take advantage of the policy.

- **Closure of Incineration Research Facility, Jefferson, Arkansas:** The EPA's Incineration Research Facility in Jefferson, Arkansas is scheduled to begin closing in October 1995. Contractor notification must be completed by July 30, 1995, to achieve the October closure date. EPA is closing this facility because the facility's technology has become outdated and the Agency is able to conduct more advanced research on a smaller scale at its laboratories in Research Triangle Park, North Carolina. This closure will lead to a projected cost savings of $2.5 million annually. We are exploring the possibility of other agencies assuming ownership and operation of the facility.

Department of Interior

- **National Park Service Cuts:** Last week, Secretary Babbitt issued a list of the 200 smallest parks. The cumulative budget of these parks equals the GOP's proposed 10 percent reduction in the Park Service's budget.

  The Secretary also emphasized two key Park Service proposals that are alternatives to draconian cuts: 1) a Park Service Renewal Fund that allows reasonable increases in user fees to stay in the parks to fund priority projects such as trail repair and upgrading sewage treatment facilities; 2) reforming concession laws to ensure that taxpayers get a fairer return on the $650 million in annual revenues grossed by those who operate private businesses such as hotels and restaurants in the parks.

- **Natural Heritage Tour of Wisconsin and Illinois:** Secretary Babbitt leaves Sunday evening for his third regional tour, focusing this time on Wisconsin and Illinois. Secretary Babbitt will visit local environmental success stories, and meet with local leaders, to warn them about the threats from the new Congress. Cities include: Milwaukee, Madison, and Chicago. The next van tour will be in Florida, June 26-28.

Department of Agriculture

- **Trip Scheduled to View Flooding & to Meet with Pork Producers:** On June 9, Secretary Glickman travels to Missouri to view flooding impacts on farms there and to meet with farmers to discuss the damage and their needs. He will announce that $25 million in Emergency Watershed Protection funds will be released to begin natural resource disaster relief work in several states. He will also announce additional farm program and crop insurance changes to aid Midwest producers who have been prevented from following their normal plating schedules.

- **Iowa Presidential Candidates Forum:** On June 10, Secretary Glickman will address the National Pork Producers' Capital Connection Leadership Breakfast in Des Moines, Iowa. Secretary Glickman will then represent you in the Presidential Candidates' Agricultural Forum, part of the World Pork Expo; Senators Dole and Lugar will also speak.

- **Pacific Northwest Economic Recovery Initiative:** On June 15-16, Secretary Glickman travels to the Pacific Northwest to review the accomplishments of the Pacific Northwest Economic Recovery Initiative and other Administration initiatives. He will meet with Oregon Governor John Kitzhaber, and participate in events to promote the successes of the Administration's Forest Plan and economic adjustment initiatives. As a precursor to the Economic Conference, Secretary Glickman will also be promoting the agricultural trade successes in Oregon. On June 16, the Secretary is tentatively planning to be in Seattle, Washington, where he will continue to highlight the Administration's positive contributions to the Pacific Northwest. Over the course of the trip, the Secretary plans to meet with key industry, labor and environmental interests.

- **USDA's Team Nutrition To Be Launched**: On June 12, the Department's Team Nutrition program will be launched at USDA headquarters in Washington, D.C. The First Lady and students from a local elementary school will join the Secretary at a "school fair" event to showcase the initiative.

- **Reinvention**: On June 7, the Department announced a reinvention plan for the USDA Forest Service. The plan will reduce 7,000 federal jobs and make the agency more efficient. The agency has reduced its 42,000 employees by 4,000 since 1992. Another 3,000 positions are planned to be cut by 1997.

Department of Energy

- **New Step in Nuclear Stockpile Conversion:** On June 7, DOE took a big step in reducing the national excess nuclear stockpile. DOE and the United States Enrichment Corporation (USEC) began the dilution of highly enriched uranium (HEU) to a lower level for use as commercial nuclear reactor fuel at the Portsmouth Gaseous Diffusion Plant in Piketon, OH. The uranium, which was slated for military uses during the Cold War, will provide electricity for people throughout the world. This action reflects a commitment made last year to reduce our stockpile of excess military nuclear material and serves as an example to other nations throughout the world that have also agreed to recycle weapons material for peaceful uses.

- **Approval of Management Plan for DOE and Navy Spent Nuclear Fuel:** On June 1, the Secretary selected three DOE sites in Idaho, South Carolina, and Washington for interim management of the Department and Navy spent nuclear fuel. The decision follows the April issuance of an Environment Impact Statement (EIS) and the announcement of a preferred alternative to consolidate DOE and Navy spent nuclear fuel by fuel type at the three sites. In 1993, an Idaho Federal District Court enjoined shipments of DOE and Department of the Navy spent nuclear fuel to Idaho until a decision could be made following an EIS. Late last month, a Federal judge issued a court order continuing that injunction. The Secretary is hopeful that DOE will reach an equitable resolution with the state of Idaho on this matter that is responsive to both State interests and national needs.

- **International Agreement to Reduce Greenhouse Gases:** On June 9, the Secretary joined energy ministers from seven Central American nations in Costa Rica in signing a cooperative agreement to advance joint pilot projects to reduce greenhouse gas emissions throughout the Americas. The agreement will serve as a catalyst for new projects and new opportunities to reduce greenhouse gas emissions and promote sustainable energy development. DOE will build historic partnerships that will benefit Central America's people, business, and environment while developing new markets for U.S. firms and their workers.

United States Information Agency

- **The First Lady on WORLDNET to Venice:** USIA Milan worked with WORLDNET, CNN and Italian TV to facilitate a dialogue between the First Lady and the "Tomorrow's Leaders" Conference in Venice sponsored by the Elie Wiesel Foundation.

- **USIA and USTR Consult on Auto Talks:** USTR General Counsel Ira Shapiro requested a meeting with USIA to discuss possible public diplomacy measures to promote the USG position on the auto parts dispute with Japan. USTR will draft a Kantor byliner for placement abroad, and USIA is proposing a possible WORLDNET for East Asian and Pacific Affairs and Western European and Canadian Affairs posts.

- **Japanese Cool to North Korea Nuclear Agreement:** New USIA data from mid-May show serious erosion since last September in Japanese public support for assisting North Korea to Build light water reactors in exchange for a freeze on their nuclear program. Aware of the potentially high cost to Japan, public support has halved, down to two-in-ten. With the plan also stalled by North Korea's refusal to accept South Korean-style reactors, there is evidence the Japanese are increasingly distrustful of the North.

Department of Defense

- **Bosnia:** USEUCOM is finalizing force recommendations for 40104. Secretary Perry and General Shalikashvili met with NATO and European Union counterparts in Paris to discuss the Alpha One-Rapid Reaction Force being created under the UN. They offered four categories of support: close air support, provision of various systems and support, assistance in the establishment of an intelligence coordination cell with the RRF, and strategic airlift.

- **Haiti:** On Sunday, June 4, the summer rotation of U.S. military forces participating in the UN Mission in Haiti was completed as the second Armored Cavalry Regiment replaced the second Brigade of the 25th Infantry Division. During this transition, the current U.S. troop strength participating in UNMIH is approximately 3,200; however, that number will be reduced rapidly to the authorized level of 2,400 as troops from the 25th ID redeploy to home station.

- **Budget Resolution:** The National Security appropriations subcommittee has been given a tentative outlay allocation of $243.73 billion for the DoD bill and $9.61 for Military Construction in FY96. This represents a total increase of $2.3 billion over the President's request as reestimated by CBO consistent with the action by the House Budget Committee.

- **Defense Authorization:** The House is tentatively scheduled to consider the FY96 defense authorization the week of June 12. The $267 billion measure, approved by the House National Security Committee on May 24, calls for $9.5 billion more budget authority than the President's request. DoD is preparing a detailed appeal package to the SASC prior to its markup, which is not yet scheduled.

- **Persian Gulf Illnesses:** The Persian Gulf Incident Reporting Line has established a center to collect information on incidents which callers believe may have led to medical problems experienced by some veterans. The information collected will be sent to a team being established to investigate those incidents which may provide insight into medical problems. The new hotline operates in conjunction with the Persian Gulf Medical Registry Hotline established last June. Also, the Executive order establishing this Presidential Advisory Committee was issued on May 26. General Counsel is working with Health Affairs to make the Committee Charter and facilitate other arrangements to initiate the Committee. DoD is responsible for administrative and financial support for the Committee.

United Nations

- **Briefings on Beijing:** On Tuesday, June 13, Ambassador Albright briefs women members of the Senate and House on preparations and issues relating to our participation in the Fourth World Conference on the Status of Women.

- **Bosnia:** The Council's discussion of the Secretary-General's report recommending revision of the mandate of the UN Protection Force in Bosnia (UNPROFOR) has thus far generated few specific suggestions as Council members consult in capitals. The UN is cooperating closely with the French and British to develop recommendations on reinforcement of UNPROFOR. The UN expects the discussion to continue into the week of June 12 and possibly beyond as decisions are made with respect to the rapid reaction forces and other matters on the ground.

- **Rwanda:** The mandate of the UN Assistance Mission in Rwanda expires June 9. The Council expects to renew the mandate, with a reduction in the number of UN personnel. The Government of Rwanda has not yet accepted the recommendations of the Secretary-General and the rest of the Council. The UN expects to reach agreement by the end of this week.

- **Iraq:** The UN Special Commission on Iraq and the IAEA will issue reports on June 19 concerning Iraq's compliance with Security Council resolutions dealing with weapons of mass destruction. The United Nations expects the report will reveal a continued lack of full compliance by Iraq on biological weapons. As a result, the UN does not anticipate a serious effort within the Security Council to revise the sanctions regime during the review next month.

- **Liberia:** The Council will begin deliberating the renewal of the mandate of the UN Mission in Liberia. The failure of a recent regional summit to bring the parties together in Nigeria is causing many members, including us, to consider scaling back on the number of UN peacekeepers in Liberia (currently under 90).

Department of State

- **DPRK Talks:** In Kuala Lumpur, the DPRK agreed indirectly to accept a ROK reactor and a ROK central role by agreeing that KEDO can select the reactor model and prime contractor. This and other key details must be worked out with the ROK and Japan. The initial South Korean reaction has been very critical. Assistant Secretary Lord and Ambassador Gallucci will travel to Seoul on June 10, and after that to Tokyo for high-level talks.

- **Iraq: Detained American:** The Iraqi government continues to deny Polish diplomats access to Barloon and Dalibertik, and, therefore, we cannot verify Iraqi assurances that the men's health is satisfactory. Boutros-Ghali is sending UN High Commissioner for Human Rights Ayala Lasso to Baghdad, where he will raise the issue of the two prisoners. State believes Lasso's visit can reinforce the

humanitarian nature for the case and confirm that UN negligence was largely responsible for the men's inadvertent crossing of the border from Kuwait.

- **Peace Process:** Secretary Christopher saw Rabin this afternoon to review the bidding on the Syria track and discuss progress in the negotiations with the Palestinians on implementing the second phase of the Declaration of Principles. It is hoped that the Secretary's meeting with Rabin and Mubarak in Cairo on Saturday, June 10, will provide a chance to get the Egyptians back into a supportive mode in the peace process, focussed on helping the Palestinians as they take difficult next steps. Also on Saturday, the Secretary will be seeing Assad to firm up military talks and focus on the other issues in the talks and will make a quick stop in Amman to encourage the King as he moves to shore up support for the Treaty with Israel.

- **French and EU Summits:** French President Chirac and European Commission President Santer visit Washington June 14. Chirac comes in a dual capacity, since France holds the EU presidency.

Central Intelligence Agency

- **The Balkans:** The Intelligence Community has quickly responded to the NSC decision to move the Balkans to Tier 0. This formally assigns this target as the President's highest priority intelligence requirement.

- **Rescue of Major O'Grady.** The Intelligence Community played an important supportive role in the efforts to locate Major O'Grady, the F-16 pilot rescued yesterday. The worldwide signals intelligence system, in a remarkable team effort of both national systems and tactical systems on the scene, was able to pick up the faint transmission from the pilot's survival radio, assisting in locating him so the rescue operation could be mounted.

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

Administrator
General Services Administration
Washington, DC 20405

THE PRESIDENT HAS SEEN
6/12/95

June 9, 1995

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

Subject: Civil Service Reform

Dear Mr. President:

I understand that Congressional Democrats, after heavy lobbying by Unions, have decided not to bring the civil service reform legislation forward. These reforms have been a high priority of the President's Management Council and, in my view, represent one of the cornerstones of serious reinventing. I believe that the need for civil service reform is widely recognized and supported in the country.

Therefore, I urge you to submit the legislation regardless of Democratic and/or labor opposition. Not only would you be doing what is right for the country but also demonstrating that you continue to deal with issues on their merit rather than on old ideologies.

Sincerely,

Roger W. Johnson

Federal Recycling Program Printed on Recycled Paper

THE PRESIDENT HAS SEEN
6/12/95

THE WHITE HOUSE

WASHINGTON

June 8, 1995 95 JUN 12 AM : 12

MR. PRESIDENT:

The attached is a Mikva/Lindsey decision memo on Senator Dodd's securities litigation reform bill. The bill, as reported 11-4 by the Senate Banking Committee, is an improvement over the House bill and the original Dodd bill, though we still have a number of substantive reservations, which Ab and Bruce lay out.

The issue on the table now is that Senator Dodd has asked for a supportive letter, while Chairman Levitt wants to know whether we agree with the concerns he has publicly expressed about the bill.

Ab and Bruce present two alternative courses of action: (1) after informing Senator Dodd, announce qualified support for the bill at the White House Conference on Small Business, conditioned on minor changes in the safe-harbor provision and improvements in the joint-and-several and aiding-and-abetting provisions; or (2) quietly seek the changes we want, but take a low profile on the bill, letting Chairman Levitt lead the way.

The first option will make Dodd and the high-tech community happier. The second would be favored by the trial bar and consumer groups, as well as Levitt.

Ab and Bruce recommend option (1). They would like to meet with you for 15 minutes to resolve this matter.

Todd Stern

THE WHITE HOUSE

WASHINGTON

95 JUN 2 P6:47

June 2, 1995

MEMORANDUM FOR THE PRESIDENT

FROM **ABNER MIKVA, BRUCE LINDSEY**

SUBJECT: **Securities Litigation Reform Legislation**

The securities litigation reform bill reported by the Senate Banking Committee, 11-4, is significantly better than the bill passed by the House, 325-99. In some respects, it is also an improvement on Senator Dodd's original bill. However, not all of our concerns have been met. We raised five primary issues with Senator Dodd (the SEC raised these and additional concerns):

- **We opposed "loser pays."**

As reported by the Committee, the bill deletes loser pays, but requires judges to make Rule 11 findings, a provision Chairman Levitt has speculated might have the "effect of imposing a loser pays scheme," although that opinion is debatable. We share some of the SEC's concern, and would prefer that judges be granted greater discretion in finding Rule 11 violations.

- **We opposed the original Dodd bill's pleading standard which required the plaintiff to "allege specific facts demonstrating the state of mind of each defendant," supporting instead the Second Circuit standard of "strong inference."**

The Committee bill adopts the Second Circuit standard, and adds an automatic stay of discovery pending the resolution of motions to dismiss or for summary judgment, thus meeting our concerns.

- **We believed the provisions in the bill dealing with joint-and-several liability tilted too much toward defendants, particularly when the major responsible party is insolvent.**

The Committee bill makes no improvement in this area. Given the relationship between this bill and the products liability bill in this area, we think it is important to try to get some improvement. Senators Dodd and D'Amato indicated to Senators Sarbanes and Bryan that they would be willing to consider an increase in the amount solvent defendants must pay if the major defendants are insolvent.

- **We supported restoring the cause of action for aiding-and-abetting a securities violation for both the SEC and private parties.**

The Committee bill restores the SEC's cause of action, but not the private cause of action. We should support a restoration of private aiding and abetting, perhaps only after an SEC action.

- **We indicated our support for a reasonable safe harbor from liability for forward-looking statements, so long as deliberately misleading statements were not protected. We opposed the House bill's safe harbor because it did not include such a carveout.**

The Committee bill provides a safe harbor that does not protect statements "knowingly made with the expectation, purpose, and actual intent of misleading investors." Although the SEC's General Counsel initially suggested this language to the Committee, Chairman Levitt has opposed its use because it might still protect "all but the most obvious frauds." We think changing "and" to "or" would be an improvement that might be obtainable.

The high-tech community had opposed the original Dodd bill because it simply authorized the SEC to adopt a safe harbor, which the SEC has been attempting to do through an ongoing rulemaking. That community finds the Committee's safe harbor acceptable -- although they clearly would prefer immunity for all forward-looking statements that warn results are uncertain. Limiting the safe harbor further to conform to Chairman Levitt's view would antagonize this group, and Senator Dodd has indicated he will not try.

Finally, you should know the Committee dropped (with Senators Mosely-Braun and Murray voting with the majority) the only pro-plaintiff provision in the original Dodd bill: the extension of the statute of limitations.

Potential strategies

Senator Dodd has asked you for a letter supportive of the Committee bill. At the same time, Chairman Levitt has signalled his keen interest in knowing whether we agree with the concerns he has voiced publicly about the Committee bill. This conflict suggests two options:

1. After informing Senator Dodd, announce at the White House Conference for Small Business your support -- with minor changes -- for the safe harbor in the Committee bill, but warn you cannot sign a bill that would protect knowing lies. Publicly urge Senator Dodd and other Democrats to improve the joint-and-several provision, and quietly pursue improvements in the aiding-and-abetting provision (and the minor change in safe harbor). Assuming any movement, vigorously and publicly support the bill -- with appropriate managers' amendments -- before it comes to a vote in the Senate.

This would please Senator Dodd (although far less than immediate support for the current bill). The high-tech community would also appreciate favorable comments; this may be your only opportunity to respond to their concerns if the bill that emerges from conference must be vetoed. Improvements in joint-and-several and aiding-and-abetting would be favored by the trial bar and consumers, and would cure the bill of some of its downside political exposure. This strategy would also lay down the clear limits of what would be acceptable to the Administration, thereby strengthening the Senate's hand in conference and reducing the likelihood of a veto. On the other hand,

the high-tech community may regard your support as too little, too late (although an announcement at the Small Business conference may help).

2. Attempt to obtain the changes we desire, including perhaps Chairman Levitt's proposed change on the safe harbor, but generally take a low profile on the bill.

This is probably what the trial bar and consumer groups think the White House should be doing, and reflects that there are still problems with the bill that Chairman Levitt has articulated. Under this strategy, you could wait to see how the politics, and the bill, develops -- with the SEC outfront voicing concerns. This option basically promotes Chairman Levitt as the public arbiter of the bill's merits, and lets you react to the results of his efforts. However, Senator Dodd will probably consider this strategy contrary to your earlier statement that you generally support his bill. Moreover, achieving the SEC's safe harbor change in the current environment is unlikely, and the high tech community will be sorely disappointed. This approach sets you at odds with the prevailing trends in Congress, with most of the California delegation, and with the high-tech community.

Recommendation

We recommend the first course of action. The precise nature of your support for the bill prior to the Senate floor vote would be based on developments in the interim. We would talk to Chairman Levitt to attempt to moderate his concerns. Because of his public standing, his ultimate recommendation will undoubtedly influence your decision to sign or veto the bill.

June 7, 1995

MR. PRESIDENT:

The attached is a Mikva/Lindsey decision memo on Senator Dodd's securities litigation reform bill. The bill, as reported 11-4 by the Senate Banking Committee, is an improvement over the House bill and the original Dodd bill, though we still have a number of substantive reservations about the bill, which Ab and Bruce lay out.

The issue on the table now is that Senator Dodd has asked for a supportive letter, while Chairman Levitt wants to know whether we agree with the concerns he has publicly expressed about the bill.

Ab and Bruce present two alternative courses of action: (1) after informing Senator Dodd, announce qualfied support for the bill at the White House Conference on Small Business, conditioned on minor changes in the safe-harbor provision and improvements in the joint-and-several and aiding-and-abbetting provisions; or (2) quietly seek the changes we want, but take a low profile on the bill, letting Chairman Levitt lead the way.

The first option will make Dodd and the high-tech community happier. The second would be favored by the trial bar and consumer groups, as well as Levitt.

Ab and Bruce recommend option (1). [Leon; George] Ab and Bruce would like to meet with you for 15 minutes to resolve this matter.

Todd Stern

EXECUTIVE OFFICE OF THE PRESIDENT

03-Jun-1995 11:17am

TO: Todd Stern

FROM: Jeffrey J. Connaughton
Office of the Counsel

SUBJECT: Securities Litigation

Bruce Lindsey asked that you put in your cover memo that he and Ab request a 15 minute meeting to discuss this matter and get a decision.

SECURITIES LITIGATION REFORM

NEGATIVE EDITORIAL OPINION

AND

MISCELLANEOUS NEWS CLIPPINGS

Overhaul of Securities Laws:

A Fast Track to Change or a Hasty Decision?

By JEFF GERTH

WASHINGTON, May 25 — It was a measure that had lingered for years on the wish lists of corporate lobbyists. But in about 60 days, Representative Christopher Cox, Republican of California, led an effort early this year that succeeded in overcoming the objections of state and Federal regulators to win House approval of a major overhaul of securities laws written in the aftermath of the market crash of 1929.

A similar bill — also giving companies, their lawyers and their accountants powerful new defenses against investor lawsuits — was considered today by the Senate Banking Committee. Legislators say the fast action and broad support in the House has given substantial momentum to the Senate version.

The first 100 days of Republican control of the House produced a torrent of legislation that has in large measure set the agenda for the Senate, which is now taking up many of the same proposals. Republicans hailed the legislative pace as proof of their ability to shake up entrenched powers. But Democrats and other opponents have contended that their haste has led to poorly considered decisions and allowed for little examination of the interests behind many measures.

A close examination of Mr. Cox's measure and its handling in the House sheds light on both sides' claims. It also illustrates the enormous impact one determined member — who has the backing of Speaker Newt Gingrich of Georgia — can have on an issue of great complexity.

Mr. Cox, a former business lawyer from Newport Beach, Calif., who is one of Mr. Gingrich's main lieutenants and chairman of the House Republican Policy Committee, told colleagues that his fervor on the subject stemmed from his experience representing companies while a member of a prominent California law firm, Latham & Watkins. He has cited that background as proof of the need to protect companies and their advisers against frivolous lawsuits.

The House bill's sponsors say it will protect companies against unscrupulous lawyers who use class action cases as a form of legal extortion and to enrich themselves at the expense of their clients. But regulators and legal experts say the bill will weaken the market's primary defense against fraud by loosening the requirement that managers, lawyers and accountants exercise "due diligence" in reviewing investments.

For Mr. Cox, Congress was at its "best" in considering his legislation, protecting investors while crippling "a small band of amoral plaintiff lawyers" who are part of a "national scandal of corruption on a scale Congress hasn't witnessed since the days of Eliot Ness and Al Capone."

Yet a main Republican sponsor of the bill, Representative Jack Fields of Texas, says that if it was not for the fast-track rules used for items in the Contract With America, he would have slowed the deliberations.

And a leading opponent, Edward J. Markey, Democrat of Massachusetts, said the bill's skimpy empirical support and legislative "shortcircuiting" was "Congress at its worst."

"The House of Representatives abandoned a system of market-based self-regulation that had worked for 60 years," Mr. Markey said.

The Bill

Making Changes In Securities Laws

In an interview, Mr. Cox traced his interest in overhauling the securities laws of 1933 and 1934 to a law review article he wrote almost 20 years ago. A year ago, Mr. Gingrich asked him to join a task force on the legal system.

Mr. Gingrich was quick to see the political benefits in the relatively arcane issue of changing the securities laws and incorporated it into the Contract With America, the 10-point agenda he developed for the 1994 Congressional campaign.

Under Mr. Gingrich's sponsorship, Mr. Cox drafted a bill that went through numerous amendments and, in the end, offered more protection to executives and their advisers in securities cases brought by investors who said they had been defrauded. The most politically sensitive part of the bill requires investors to prove that executives or their advisors acted with deliberate recklessness, a new legislative standard of liability.

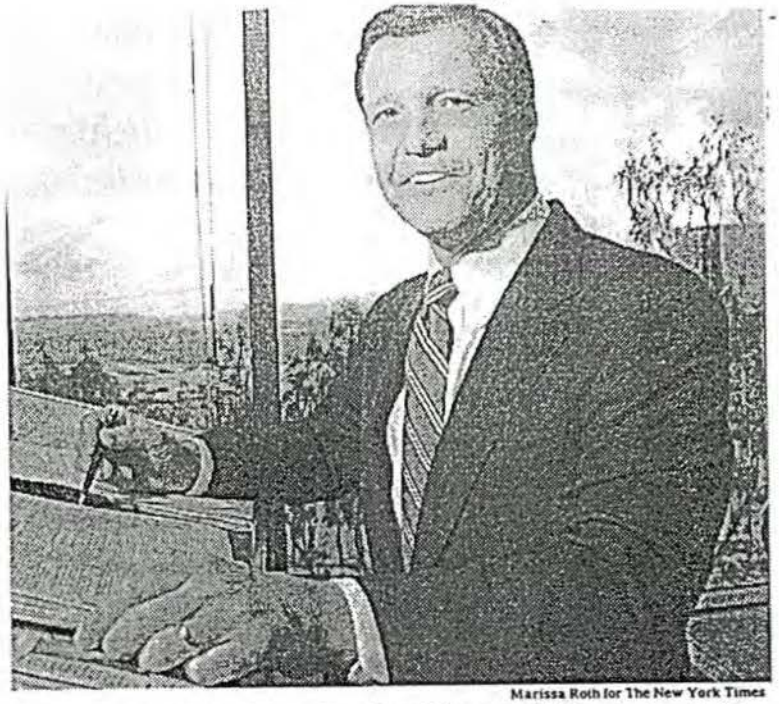
Just before the bill was to be introduced, Mr. Cox learned that his work on a real-estate fund in the mid-1980's while he was a private lawyer was coming under scrutiny. Last week, after months of legal maneuverings, Mr. Cox was one of a dozen defendants named in an amended complaint filed in California state court by lawyers for investors who say they lost almost $16 million in two real-estate funds.

The state court case is not directly affected by the House legislation, but it speaks to one of the larger issues raised during the debate on Mr. Cox's bill: What are the obligations of a professional advisor to ascertain the true state of affairs of a client seeking to sell securities?

The complaint charges Mr. Cox and others with concealing problems and on work by legal and academic experts.

The panel heard from one securities law professor, Daniel R. Fischel of the University of Chicago Law School. He testified that there was a need to stop "legalized extortion" and cited a hastily filed lawsuit that mistakenly described a tobacco with the two funds and their operators from regulators and investors, allowing a much larger fraudulent scheme to go undetected for years until it collapsed last year.

Mr. Cox says he and his firm, also named as a defendant, acted responsibly and did nothing wrong, but had been misled by their clients. The suit has led him to "sympathize with people who are victimized in these suits," he said.



Marissa Roth for The New York Times

Representative Christopher Cox, Republican of California, has led the fast-paced effort to overhaul Federal securities laws, making it harder for investors to sue corporate executives and advisers for fraud.

Another lawyer named as a defendant has played a role in Mr. Cox's legislative effort. Gary Mendoza, who also worked at Latham & Watkins and is now the Commissioner of the California Department of Corporations, was the only securities regulator in the country to write the House subcommittee in support of Mr. Cox's bill. Mr. Mendoza, while declining to discuss specific parts of the complaint, said he had acted properly and felt defrauded himself by his former clients.

The Committee

Businesses Voice Their Complaints

When the House Telecommunications and Finance Subcommittee took up the bill in January, both its supporters and opponents agreed on one thing: for the last four years, roughly 300 class-action securities suits have been filed annually in Federal courts.

But they differed sharply over the number's significance. Proponents noted that the number had risen over the last decade; opponents pointed out that the figure had been higher 20 years ago. William Lerach, a San Diego lawyer who brings many of the lawsuits Mr. Cox wants to curb, noted that the number of companies sued every year in class actions, between 100 and 150, was tiny compared with the nation's 14,000 public companies.

In the end, the case for the legislation was based on complaints from businesses, including a recent survey by the American Electronics Association of 100 companies that found that half had been sued in the last five years for securities fraud, company as a toy company and was later dismissed.

Professor Fischel told the panel that the consulting company he partly runs and owns, Lexecon Inc., was the subject of a frivolous lawsuit arising from its work for Lincoln Savings and Loan, the California thrift owned by Charles H. Keating Jr. that collapsed in 1989.

While Mr. Fischel described the suit as frivolous, Lexecon paid at least $700,000 to help the plaintiffs after the case was dismissed, public records show. Earlier, the Federal judge in the case said the "evidence raises material questions" as to whether Lexecon was reckless when it issued reports saying Lincoln was safe.

In an interview, Mr. Fischel declined to discuss the lawsuit. He complained that companies with volatile stock prices were "systematically" targeted for hastily filed suits, or strike suits, but said he had not done any research on the extent of the problem. For backup he referred a reporter to another law professor, Janet Cooper Alexander, at the Stanford University School of Law.

But Professor Alexander, in an interview, said her research could not be used to form broad generalizations about strike suits. Still, the House report supporting the legislation cited her work as evidence of abuse in the system.

Professor Alexander said she supported modest changes to reduce the number of settlements but opposed the bill passed by the House because it "has the potential to be quite harmful to the capital markets."

One detailed study of how often companies get sued has been done by Baruch Lev, a professor at the schools of law and business at the University of California at Berkeley whose earlier work has been used to help justify the legislation. Mr. Lev said he studied 589 cases in which a company's stock dropped more than 20 percent after an announcement of its earnings, the kind of situation proponents of change say often leads to a strike suit. Mr. Lev found only 20 such suits filed under Federal securities laws.

He supports more modest changes and opposes the legislation as going too far "to almost immunize managers for almost anything." He also said he thought it was based on exaggerated rhetoric and a mischaracterization of his own work.

The Maneuvering

Tactics Used At the 11th Hour

Six days after the first hearing on the bill, Arthur Levitt Jr., the chairman of the Securities and Exchange Commission, gave a speech suggesting a more modest approach than that taken by Mr. Cox.

The criticisms prompted Mr. Cox and his supporters to amend the bill. As the revised bill moved through the House, Mr. Cox played a less visible role, deferring to Mr. Fields, the well-liked chairman of the subcommittee, and Mr. Fields's friend Representative W.J. (Billy) Tauzin, Democrat of Louisiana.

By the time the bill reached the full House, support had grown; Representative Norman Y. Mineta, Democrat of California, offered an amendment broadening the protections to executives who make predictions about a company's prospects.

But at the 11th hour, Mr. Cox's crusade faced a political minefield as a result of an earlier amendment he had drafted that would allow one defense to charges of recklessness to simply be "I forgot."

For some, permitting executives to use this defense to avoid liability simplified the regulators' arguments. "I worked for days to get Chris to drop his 'I forgot' language," said Mr. Tauzin, who recognized the language as "political dynamite."

As the full House took up the bill, Mr. Fields said he devised a legislative maneuver to limit public debate of the issue.

When Democrats moved to strike the "I forgot" language, Mr. Cox came up with a handwritten substitute that said that an executive's failure to investigate whether his statements were false or misleading was not reckless "if the failure to investigate was not deliberate."

Democrats said it was unfair to vote on a handwritten amendment they had just received, especially after Republican leaders had said the night before that there were would be no more amendments.

But Mr. Cox replied that he was simply saying that "good faith is not reckless," and his amendment passed 252 to 173, paving the way for a still larger margin of victory for the entire bill, 325 to 99.

After its passage, Mr. Gingrich hailed the measure's swift success as a sign that "we were on the edge of a revolution."

Securities Bill Called Too Lenient

Critics See Wrongdoers Getting Near Immunity

By Jerry Knight
Washington Post Staff Writer

Securities legislation that was originally drafted to reduce frivolous lawsuits is being rewritten to give virtual legal immunity to stockbrokers, lawyers and accountants involved in financial disasters such as the savings and loan collapse, critics say.

Instead of simply protecting corporations from the harassment of lawsuits that have little merit, the Senate version of the measure would make it harder for victims of financial crimes to take their cases to court, opponents contend.

Lawyers and accountants involved in past suits contend that they are often unfairly penalized for misdeeds of their clients.

The bill originally was a bipartisan legal reform bill written largely at the behest of Silicon Valley entrepreneurs. Congressional aides had expected it to coast through the Senate Banking Committee today.

But unusually diverse and outspoken opposition to the new provisions has forced Senate Banking Committee Chairman Alfonse M. D'Amato (R-N.Y.) to try to compromise with some of the critics. They include organizations of cities and county officials, lobbyists for state securities regulators, the chairman of the Securities and Exchange Commission, the American Association of Retired Persons and the Gray Panthers.

The Gray Panthers yesterday issued a study showing that financial crimes against the elderly are growing rapidly. The group contends the securities reform litigation would make it harder to sue stockbrokers, insurance agents and financial advisers who lure them into risky investments.

They cite the elderly investors who lost millions of dollars on junk bonds sold by S&L executive Charles H. Keating Jr., now in jail, as an example of how the Senate legislation would work against small investors. Under the bill, which would

Securities Fraud Bill Criticized as Too Weak

LITIGATE, From B10

would have been more difficult for investors to sue Keating and they could not have collected as much from the accountants and lawyers who worked for him.

"The bill is full of provisions that either immunize or limit sharply the liability of financial crooks and those professionals who aid and abet them," contends consumer advocate Ralph Nader.

Nader said accountants and lawyers who were forced to pay millions to settle lawsuits over their role in S&L failures have lobbied hard to get protection from future suits. Also lobbying for the bill are Wall Street brokerage firms facing multimillion-dollar lawsuits over losses suffered by investors in risky securities known as derivatives.

The measure would make it more difficult for California's Orange County and other local governments that have lost money in derivatives to get their money back, contends the Government Finance Officers Association, an organization of state and local finance officials.

Escambia County in Florida, which lost more than $25 million in derivatives deals, has sent the Senate a resolution warning that the bill would undercut the county's legal case against the brokers who sold the losing investments.

The other most criticized provision of the legislation would limit lawsuits by stockholders against corporations that make predictions about future business prospects that turn out to be wrong. The bill would give corporations a "safe harbor" for issuing forecasts if they are made in good faith.

But SEC Chairman Arthur Levitt Jr. contended in a letter to D'Amato last week that the legislation goes too far. He argued that regulation of corporate predictions should be left up to the SEC.

D'Amato aides yesterday attempted to negotiate a compromise with Levitt and were drafting other changes, lobbyists working on the measure said.

Support for the bill also was undercut by a study released yesterday by the Congressional Research Service, which concluded that frivolous lawsuits against corporations are not really a problem.

"The evidence does not appear to be compelling enough for one to definitively assert that warrantless class action suits have exploded," the research agency said. "By the standard of . . . the federal courts . . . these potentially 'abusive' securities suits remain exceptionally small."

EDITORIALS of THE TIMES

This Isn't Reform— It's a Steamroller

GOP bill curbing lawsuits would flatten the small investor

Once again House Republicans have put the timetable for their "contract with America" ahead of the substance of the bills they are ramming through the lower chamber. On Wednesday the House approved a drastic revision of the nation's securities laws as part of the GOP's agenda for legal reform. The proposed Securities Litigation Reform Act, which is a key provision in the "contract," would sharply curb the ability of investors and shareholders to sue stockbrokers, accounting firms and companies for fraud.

The SEC's Levitt: He's got his doubts about this one.

The measure, authored by Rep. Christopher Cox (R-Newport Beach), simply goes too far. It is one thing to craft legislation directed at curbing specific abuses of securities litigation, but the House measure would amount to a wholesale dismantling of the system that enables investors and shareholders to seek redress for financial fraud.

Opponents, including state securities administrators as well as consumer groups, maintain that the bill would virtually destroy the ability of citizens of modest means to sue when they are victims of fraud. Arthur Levitt Jr., the chairman of the Securities and Exchange Commission, who has worked to improve investor protections, has reservations about the measure. So has U.S. Atty. Gen. Janet Reno. Small wonder.

The proposed law would tilt the legal system in favor of corporations and their accounting firms, lawyers and investment firms by making it too easy for them to defend themselves against shareholder suits.

What might such a law portend for cases like Orange County? County officials are seeking legal recourse against Merrill Lynch Co., which sold high-risk securities to the county's ill-fated investment pool, ultimately triggering its bankruptcy. The fear is that the proposed law could be interpreted by the courts in ways that would work against plaintiffs in cases like this one.

Under the House bill, a judge could require the losers in a securities fraud case to pay the legal expenses of the winner if the judge determined that the investors' complaint did not originally possess substantial merit. Currently there is no "loser pays" general provision. The proposed law also would demand that the plaintiff show that the company or its officials acted knowingly and recklessly in committing the fraud. The current standards are simpler: They allow investors to sue for fraud if a company withholds information or issues misleading information that affects the market price.

Between these two standards there perhaps is a sensible middle ground—but that's not to be found in the House bill.

Cox casts his bill as a limitation against so-called "strike suits," brought by shareholders who file lawsuits when the share price drops in a company in which they own a small part of the stock. The congressman likes to point out that high-technology companies are a favorite target of such lawsuits. Abuses of such lawsuits absolutely do exist and should certainly be curbed, but the House bill, as drawn, is overly broad in its potential application.

The Senate will take up the securities reform bill soon. We urge it to take a reasoned approach to the problems posed by frivolous securities lawsuits. The current House bill is not the answer.

The Greenville News

WEDNESDAY, MAY 24, 1995 ■ GREER EDITION

Proposed securities reform gets grassroots opposition

State's comptroller general among those urging bill's rejection

By Rob Wells
AP BUSINESS WRITER

WASHINGTON — State and local officials, citing spectacular investment frauds such as in Orange County, Calif., are urging the Senate to reject a bill that would rewrite the way private securities fraud suits are filed.

New Mexico's attorney general, the mayor of Philadelphia, the comptroller of South Carolina, and the state treasurers of Washington and West Virginia are among leaders strongly opposing the bill, aimed at reducing frivolous securities fraud lawsuits.

"We took a real hard look at this and it looked to me like a bill that hurts consumers," Tom Udall, New Mexico's attorney general, said in a telephone interview.

At issue is a measure sponsored by Sens. Christopher Dodd, D-Conn., and Pete Domenici, R-N.M., seeking to curb nuisance lawsuits by forcing plaintiffs' lawyers to specify a broker's intentions to defraud.

Forecasts by corporate executives, in many cases, would be shielded from lawsuits if the predictions didn't pan out. And new legal reforms would give large investors, such as pension funds, more control over the outcome of class-action cases.

The Senate Banking Committee is expected to vote on the measure soon, perhaps by Thursday. On Monday, a coalition of major business groups, including the American Electronics Association, Securities Industry Association and The Business Roundtable, expressed support for a new compromise draft bill offered by Sen. Alfonse M. D'Amato, R-N.Y., who chairs the committee.

The bill comes as accountants, high-technology companies and others complain they're increasingly targets of baseless lawsuits alleging securities fraud, suits that are cheaper to settle than defend through expensive litigation.

Philadelphia Mayor Edward G. Rendell and Chicago Mayor Richard Daley sent a joint letter to D'Amato opposing the bill, saying it would "lessen deterrence to securities fraud."

South Carolina's top financial officer, Comptroller General Earle E. Morris Jr., said he's concerned it would weaken the ability of local governments to sue people who wrongfully sold them risky securities, such as derivatives.

"I don't want us to lose the route of recovery that might be needed in the future if there should be fraud and misrepresentations ... ," Morris said in a telephone interview.

ST. LOUIS POST-DISPATCH TUESDAY, MAY 9, 1995

Don't Protect Securities Fraud

The House has passed and the Senate is considering a bill to make it much harder for defrauded investors to bring class-action suits against investment firms that defraud them, as well as the accountants who helped them. The impetus for such legislation is the same as that driving tort revision, only with even less justification.

The Senate bill is sponsored by New Mexico Republican Pete Domenici and, surprisingly, Christopher Dodd, Democrat of Connecticut. Though its final provisions have yet to be settled, it is likely to restrict significantly the rights of small investors to sue for fraud.

The industry's complaint: The explosion of securities litigation needs to be curbed. But there isn't one; the number of suits has remained nearly constant in the last 20 years, despite huge growth in the volume of securities. However, recent events have created a new problem: Many accounting firms that put their names to false documents during the junk bond craze and the thrift debacle are finding themselves in court more often than ever before. They want protection. This bill would give it to them.

It would prohibit lawyers and accountants from being named as primary defendants in a class action unless the plaintiffs first can show that these defendants had actual knowledge of the fraud and the precise state of mind of those they helped perpetrate it. That can only be done by the discovery process in a lawsuit, not beforehand. The bill would also bar any plaintiff from suing who had less than 1 percent or $10,000 invested in the securities in question. This will keep a lot of people out of court.

When they do get in, if they lose, they will be responsible for court costs if they have holdings of more than very limited size, clearly a deterrent to small-investor suits for securities fraud.

These are just the highlights of a complex bill whose provisions work against not only the rights of small investors, but even large government bodies, such as Orange County or the city of Joplin, Mo., which lost huge amounts on derivatives that may have been sold to them without full disclosure.

Among those senators on the Banking Committee who are in a position to slow down the bill is Missouri's Christopher S. Bond. He should do so. His new colleague from Missouri, John Ashcroft, who has yet to take a position on the bill, should join him.

Raleigh (NC) News & Observer

May 27, 1995

Safe harbor for fraud

Could anything be more blatantly misrepresented in Congress as changing something for the better than the Private Securities Litigation Reform Act of 1995? Investors in stocks, bonds and other securities would do well to check the Anthony Lewis column on this page today. Lewis discusses only a few of the ways the bill could doom the attempts of investors to bring those who fleece them to justice.

Where is the article in any "Contract with America" that justifies a legislative assault on people who are already victims? Some reform this is, when Americans who put up their money on false promises — or who have had it stolen systematically from them — are rendered less able to file a lawsuit, and much less able to recover their losses even if they sue successfully.

Like a similar bill passed by the House in March, this one is more of Congress' kowtowing to big business and monied interests who're calling in their chits. Their sizable political action committee contributions come riding the crest of anti-regulatory sentiment, which means that lobbyists for large insurance companies, major accounting firms, brokerage houses, high-tech firms, and even corporate raiders are high in the saddle on Capitol Hill.

This is bad news for investors, private and public. And the measure's bad taste and bad policy are exceeded by its bad timing. In the past year alone, 10 state and local governments have lost $2.4 billion in derivatives-related scandals. Yet these bills would tie victims in legal knots while immunizing hosts of white-collar crooks against having to pay for their misdeeds.

Some securities litigation reform that is. Some contract with Americans.

Front Page
Seattle Times 5-31-95

Business serious about end to 'frivolous' investor suits

'Corporate America has spent $30 million for this legislation, and they've bought off Republicans and Senator Murray.'

ATTORNEY STEVE BERMAN

BY ROBERT T. NELSON
Seattle Times Washington bureau

WASHINGTON — The half-page newspaper ads by the American Association of Retired Persons depicted Senate Bill 240 as legislation that would protect swindlers at the expense of the elderly and their life savings.

Securities cheats vs. old people who vote in large numbers. Normally that's a pretty easy call, even for Congress.

However, in the case of that bill, also called the Private Securities Litigation Reform Act, separating right from wrong isn't that simple.

Last week, at the urging of companies such as Microsoft, the legislation passed out of the Banking Committee with the support of Sen. Patty Murray, D-Wash. — putting her in the middle of a fight among businesses, attorneys, state officials and the elderly, and at odds with some of her usual constituencies.

The bill is part of a proposed overhaul of the civil-court system. It is now close to becoming law because publicly traded companies, big and small, have convinced both Democrats and Republicans in Congress that they need protection from "frivolous" lawsuits filed by unscrupulous attorneys who sue on behalf of investors who lose money when stocks don't live up to expectations.

'A lot of companies are afraid to get started because too many times companies have been caught in a lawsuit because investors have taken a loss. That's a real disincentive. We need (new) products and we need companies doing research and development.'

SEN. PATTY MURRAY

The bill's opponents — trial attorneys, many state and county treasurers and the elderly — claim the legislation effectively would end securities-fraud lawsuits brought by investors against executives and accounting firms who knowingly make false claims about a company's potential to make money.

Members of Congress normally don't spend their days dreaming up laws like this.

PLEASE SEE *Congress* ON A 8

Murray says bill is fair to investors, companies

Congress

CONTINUED FROM PAGE 1

They react, instead, to pressure. In this case, much of that pressure came from the Seattle area, where attorney Steve Berman has made a name for himself taking companies to court on behalf of investors.

One of the companies Berman sued was Digital Systems International of Redmond, which designs and installs telephone-call management systems. Digital was the fastest-growing private company in Washington state when it went public on the Nasdaq stock market in 1990. The company's stock started selling at $18, rose quickly above $20 and then dropped to $15 a share after 1990 third-quarter earnings came in 6 cents a share below projections.

Depending on whom you believe, what happened next makes the case for — or against — SB 240 becoming law.

One investor starts ball rolling

The suit began when an unhappy Oregon investor hired Berman, who then convinced other stockholders to join a class-action suit against Digital. The suit claimed company officials inflated the stock's potential, and that they knew earnings would be lower but withheld that information from investors. Digital settled the claim out of court for $7.5 million in cash and company stock.

"In our case, he took all of our public statements, all our press releases, every statement we made back in time and claimed it was a lie," says Bradford Weller, Digital's general counsel.

Digital, Nordstrom, Microsoft, ATL and many other new publicly traded companies want what is known as a "safe harbor" — the ability to make "forward-looking statements" to encourage investors to buy the stock without being held liable for those claims.

SB 240 would give them that window, plus many other things. Accounting firms that prepare company financial reports would no longer be liable for damages unless it could be proved they acted fraudulently. The bill would eliminate the "fraud on the market theory" which was the basis of Berman's suits against a dozen Northwest companies. It would also set up the possibility that plaintiffs could be liable for damages if a judge rules their lawsuit is frivolous.

Fear puts brakes on progress

Weller says the changes are needed to permit fledgling companies to go public and take risks on new products without fear of being sued.

"Every company is spending thousands of dollars a year trying to figure out what it can do to not get sued," says Weller. "I'm all for punishing companies that commit fraud. I just don't think everybody's committing fraud (like) these lawsuits make it appear ... I think it's important companies have some clear guidance."

Those arguments won over Murray.

"We have a number of high-tech and biotech companies that ask people to invest in high-risk products that might not work out," Murray

says. "A lot of companies are afraid to get started, because too many times companies have been caught in a lawsuit because investors have taken a loss. That's a real disincentive. We need (new) products and we need companies doing research and development."

Murray says some safeguards are needed to discourage fraud and prevent companies from bilking people. But she says investments are inherently risky and Congress can't change that.

Betting on the future

"When you put your money in an investment, you may win, you may lose," she said. "That's the way it is. We need safeguards in place so people don't get their investments stolen but which gives companies more security knowing they can start up knowing they won't get hit with a major lawsuit."

Murray believes this bill strikes that balance, which puts her at odds with some powerful constituents in her state, including the AARP, state Treasurer Dan Grimm and most of the counties' financial officers. They have all sided with Berman, writing hundreds of letters to Murray opposing the legislation.

Sen. Slade Gorton, R-Wash., also supports the bill.

Murray says lawyers, who make millions off such suits, have scared people into opposing a bill. Grimm, however, wrote Murray, warning that the bill "raises the specter of affording a legal shield to fraudulent activity."

Berman says it is Murray who doesn't understand SB 240 and the effect it will have on small investors.

Powerful lobbyists

"The accountants and big business have put together a very effective campaign, and people like Senator Murray have gotten the wool pulled over their eyes," says Berman. "I met with her and brought with me a guy who had lost $200,000, his life savings. She didn't ask him a single question about his lawsuit being frivolous. She's the one who doesn't understand the bill. Corporate America has spent $30 million for this legislation and they've bought off Republicans and Senator Murray."

Berman predicts the legislation, if passed in its present form, will make it easier for companies to make outrageous statements about future earnings, and harder for small investors to sue when stocks don't perform. He says the suit against Digital is a good example of why the existing law works for stockholders. On the same day company officials publicly predicted high third-quarter earnings, Berman says, Digital's chief executive officer told the board quarterly earnings looked dismal.

"Then what do they do? Insiders sell their shares," says Berman. "After they've sold their shares they tell the public the truth. . . . Companies are crying for protection. That's absurd. Investors should have more protection from the Digitals of the world."

The text of S 240 is on the News Plus area of The Seattle Times Extra. See A 2 for details.

THE PRESIDENT HAS SEEN
6/12/95

THE WHITE HOUSE

WASHINGTON

June 8, 1995 95 JUN 8 P8:57

MEMORANDUM FOR THE PRESIDENT

FROM: **SUSAN BROPHY** SB

SUBJECT: **ANTI-TERRORISM THANK YOU LETTERS**

We are sending thank you letters to all of the Senators who voted for passage of the anti-terrorism bill. However, attached for your signature are letters for the Senators who were most helpful. The letters are for the following:

1) Thomas Daschle (D-SD);

2) Joseph Biden (D-DE);

3) Joseph Lieberman (D-CT);

4) Barbara Boxer (D-CA);

5) Dianne Feinstein (D-CA);

6) Sam Nunn (D-GA).

7) Bob Dole (R-KS); and

8) Orrin Hatch (R-UT).

Needs to be back ASAP - they want to announce tomorrow
Sens Nunn & Dole are our Reps

6/12/95
copy of cover memo w/ original sent to Jocelyn Jolly

copy of package to Susan Brophy / Tim Keating (sent to Todd)

THE WHITE HOUSE

WASHINGTON

June 9, 1995

Dear Mr. Leader

Thank you for your good work in moving the anti-terrorism legislation. The strong bi-partisan support underscores its importance to all our people. I hope the House will follow your action promptly.

Sincerely

Bill Clinton

THE WHITE HOUSE

WASHINGTON

Dear Mr. Leader:

Thank you for supporting the Comprehensive Terrorism Prevention Act of 1995. This legislation will provide important assistance to our law enforcement agencies in the fight against global and domestic terrorism. It is incumbent upon all of us to do everything we can to prevent the kind of reprehensible attack that occurred in Oklahoma City.

The bipartisan support for this bill underscores the broad consensus among our citizens for tough action to prevent terrorism. Once again, I applaud your decision to support this bill to help ensure a more secure future for all Americans and thank you for your leadership.

Sincerely,

Bill

The Honorable Bob Dole
Majority Leader
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Mr. Leader:

Thank you for supporting the Comprehensive Terrorism Prevention Act of 1995. This legislation will provide important assistance to our law enforcement agencies in the fight against global and domestic terrorism. It is incumbent upon all of us to do everything we can to prevent the kind of reprehensible attack that occurred in Oklahoma City.

The bipartisan support for this bill underscores the broad consensus among our citizens for tough action to prevent terrorism. Once again, I applaud your decision to support this bill to help ensure a more secure future for all Americans and thank you for your leadership.

Sincerely,

Bill

Thank you
Warmly
Tom

The Honorable Thomas A. Daschle
Democratic Leader
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Joe:

Thank you for supporting the Comprehensive Terrorism Prevention Act of 1995. This legislation will provide important assistance to our law enforcement agencies in the fight against global and domestic terrorism. It is incumbent upon all of us to do everything we can to prevent the kind of reprehensible attack that occurred in Oklahoma City.

The bipartisan support for this bill underscores the broad consensus among our citizens for tough action to prevent terrorism. Once again, I applaud your decision to support this bill to help ensure a more secure future for all Americans and thank you for your leadership.

Sincerely,

Bill

The Honorable Joseph R. Biden, Jr.
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Joe:

Thank you for supporting the Comprehensive Terrorism Prevention Act of 1995. This legislation will provide important assistance to our law enforcement agencies in the fight against global and domestic terrorism. It is incumbent upon all of us to do everything we can to prevent the kind of reprehensible attack that occurred in Oklahoma City.

The bipartisan support for this bill underscores the broad consensus among our citizens for tough action to prevent terrorism. Once again, I applaud your decision to support this bill to help ensure a more secure future for all Americans and thank you for your leadership on the wire tapping provision.

Sincerely,

The Honorable Joseph I. Lieberman
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Barbara:

Thank you for supporting the Comprehensive Terrorism Prevention Act of 1995. This legislation will provide important assistance to our law enforcement agencies in the fight against global and domestic terrorism. It is incumbent upon all of us to do everything we can to prevent the kind of reprehensible attack that occurred in Oklahoma City.

The bipartisan support for this bill underscores the broad consensus among our citizens for tough action to prevent terrorism. Once again, I applaud your decision to support this bill to help ensure a more secure future for all Americans and praise your leadership on the National Firearms and Statute of Limitations Extension provisions.

Sincerely,

Bill

The Honorable Barbara Boxer
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Dianne:

Thank you for supporting the Comprehensive Terrorism Prevention Act of 1995. This legislation will provide important assistance to our law enforcement agencies in the fight against global and domestic terrorism. It is incumbent upon all of us to do everything we can to prevent the kind of reprehensible attack that occurred in Oklahoma City.

The bipartisan support for this bill underscores the broad consensus among our citizens for tough action to prevent terrorism. Once again, I applaud your decision to support this bill to help ensure a more secure future for all Americans and thank you for your leadership on the taggants provision.

Sincerely,

The Honorable Dianne Feinstein
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Sam:

Thank you for supporting the Comprehensive Terrorism Prevention Act of 1995. This legislation will provide important assistance to our law enforcement agencies in the fight against global and domestic terrorism. It is incumbent upon all of us to do everything we can to prevent the kind of reprehensible attack that occurred in Oklahoma City.

The bipartisan support for this bill underscores the broad consensus among our citizens for tough action to prevent terrorism. Once again, I applaud your decision to support this bill to help ensure a more secure future for all Americans and thank you for your leadership on the posse comitatus provision.

Sincerely,

The Honorable Sam Nunn
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Mr. ~~Chairman~~ Orrin:

Thank you for supporting the Comprehensive Terrorism Prevention Act of 1995. This legislation will provide important assistance to our law enforcement agencies in the fight against global and domestic terrorism. It is incumbent upon all of us to do everything we can to prevent the kind of reprehensible attack that occurred in Oklahoma City.

The bipartisan support for this bill underscores the broad consensus among our citizens for tough action to prevent terrorism. Once again, I applaud your decision to support this bill to help ensure a more secure future for all Americans and thank you for your leadership.

Sincerely,

Bill

The Honorable Orrin G. Hatch
Chairman
Committee on Judiciary
United States Senate
Washington, D.C. 20510