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4-6-98

THE WHITE HOUSE
WASHINGTON

April 4, 1998

MR. PRESIDENT:

Attached are weekly reports from the last week of March that we received while you were in Africa:

- (A) Weekly Economic Briefing
- (B) Interest Rates and the Stock Market (CEA) and Update on Emerging Markets (Treasury)
- (C) CEQ Report
- (D) OSTP Report
- (E) Public Liaison Report
- (F) Race Initiative Report
- (G) Cabinet Affairs Report

Phil Caplan *PC*

Tab A - Vellen/COS
page 7: Reed/COS

Tab C - McGinty/COS
page 2: Bowles

Tab D - Gibbons/COS

Tab G - Marshall/COS

4-6-98

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

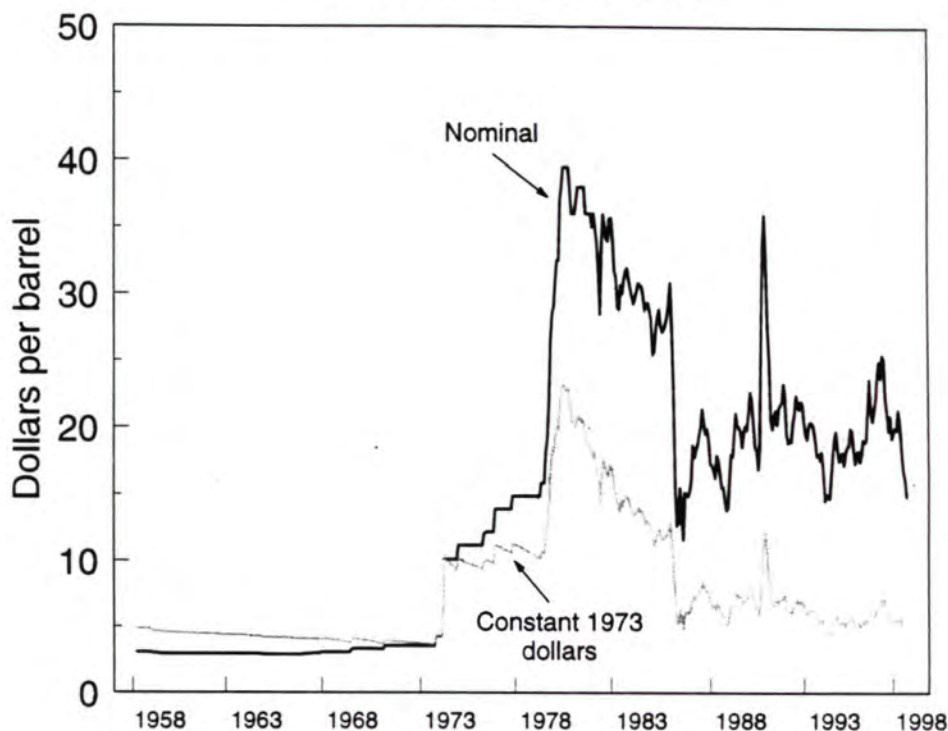
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

March 27, 1998

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COS
page 7- Rand/COS

CHART OF THE WEEK

Oil Prices: a Longer View



Corrected for inflation, oil prices are as low as they were 40 years ago. A Current Development in this *Weekly Economic Briefing* discusses this week's movements in oil prices; a Special Analysis discusses OPEC's ability to set and maintain prices.

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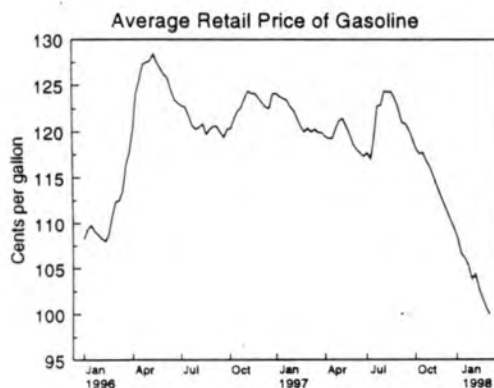
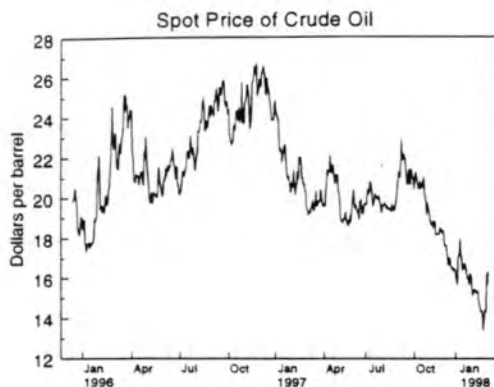


"Funny. I never would have guessed you were a .com. You look more like a .org or a .edu."

CURRENT DEVELOPMENT

OPEC Acts to Halt Sliding Oil Prices...

Oil prices jumped nearly \$2 per barrel on Monday following an unexpected agreement among key oil-producing countries over the weekend to restrict output. Nevertheless, oil prices remain well below levels reached in the fall (see upper chart).



Trends. Several factors have contributed to the decline in oil prices, including a mild winter, especially in the U.S. Northeast and in Western Europe; weak demand due to the Asian economic crisis; expectations that Iraq would eventually increase its exports; and—until this past weekend—the inability of oil-exporting countries to agree to restrain production in order to halt the slide in prices. The futures market was already expecting that the slide would come to a halt, but the recent producers' agreement boosted expected prices in the near future.

Implications for consumers. Declining crude prices have translated into declining prices at the pump (see lower chart). Roughly speaking, each \$1 per barrel change in the price of oil translates into a 2 to 2½ cent per gallon change in the retail price of gasoline, but the impact is not immediate—it is spread over a month or two. In addition, margins

between oil prices and gasoline prices tend to widen in the spring and summer due to increased summer driving. Thus, conflicting forces will be acting on retail gasoline prices in coming months: the lagged effects of the long decline will continue to operate, but the recent uptick and the onset of seasonal increases will probably push up prices at the pump.

The bottom line. The slide in oil and gasoline prices has probably come to an end. But nothing that has happened so far portends unusually high prices for the coming summer driving season.

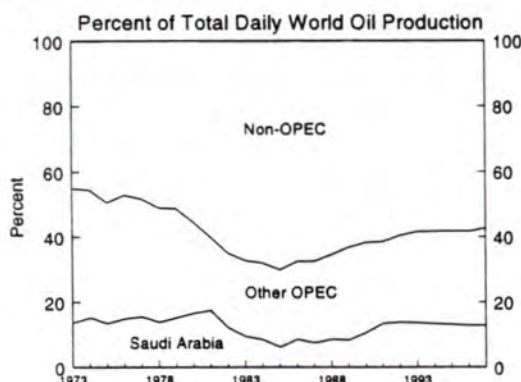
SPECIAL ANALYSIS

...But How Long Will the Cartel's Success Last?

Does the recent pact among oil-exporting countries represent a strengthening of producers' market power? Or will cartel pricing continue to be difficult?

A new cartel. Oil prices jumped Monday because oil-producing countries announced cutbacks in production. Ten of 11 OPEC members announced plans to cut production by a total of about 1.2 million barrels per day. Moreover, these countries received unusual cooperation from *outside* OPEC, with Mexico and Oman promising production cuts of 130,000 barrels per day. Mexico's motivation may have come in part from the impact of falling oil prices on its budget deficit. According to one analyst, a decline in oil prices of a dollar per barrel sustained for a year reduces the revenue of Mexico's state-owned oil monopoly by \$1.1 billion. Norway, another significant non-OPEC producer, is currently undecided about whether to announce production cutbacks. The proposed cutbacks by this new cartel of OPEC and participating non-OPEC producers would reduce total world-wide oil production by nearly 2 percent.

How much market power? Whether the cartel's action has lasting effects on price depends on whether oil-exporting countries abide by their commitments to reduce output. OPEC's market power has declined somewhat over the past 25 years; it now produces about 43 percent of world output, down from a high of 55 percent prior to the oil shock of 1973 (see chart). However, the production of the two non-OPEC members brings the total production by OPEC and non-OPEC members of the cartel to 48 percent of world production, nearly as high as during the 1979 price hike.



Moreover, the market share of Saudi Arabia, the largest exporter, has been roughly constant at 13 percent in the 1990s. Saudi Arabia has played a critical role in the cartel—sometimes adjusting its production to maintain prices when other countries' production changes; other times, responding tit-for-tat to other countries' increases in production above the official quotas so as to enforce the quotas and discipline cheaters.

Incentives to cheat. Although a cartel like OPEC can make its members better off through collective action to reduce production, individual producers have an incentive to cheat on their commitments. This tension between individual and collective incentives tends to make cartels unstable, with production agreements seldom being respected for long. In the case of OPEC, actual production since 1983 has tended to exceed production quotas, sometimes by substantial amounts. This suggests the recent production cuts and subsequent price hikes may not last.

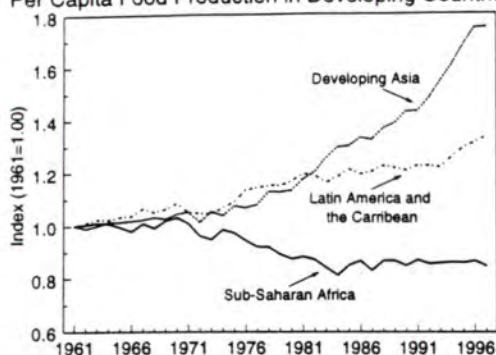
SPECIAL ANALYSIS

Prospects for Agriculture in Sub-Saharan Africa

Agriculture is the most important sector in most of the economies of sub-Saharan Africa. Enhancing growth in food and agricultural production is essential for sustaining economic growth and reducing poverty and malnutrition in the region.

Crisis in African food production. Most developing countries elsewhere have been able to increase per capita food production by adopting improved agricultural technologies and curbing population growth. Asia in particular benefitted from new “green revolution” technologies that dramatically increased cereal crop yields. In

Per Capita Food Production in Developing Countries



sub-Saharan Africa, by contrast, per capita food production declined during the 1970s, and has barely kept pace with population growth since then (see chart). The problem of stagnating agricultural production is reflected in rising poverty (37 percent of the region's population was thought to be undernourished in 1990), degradation of natural resources, and continued reliance on food imports and food aid.

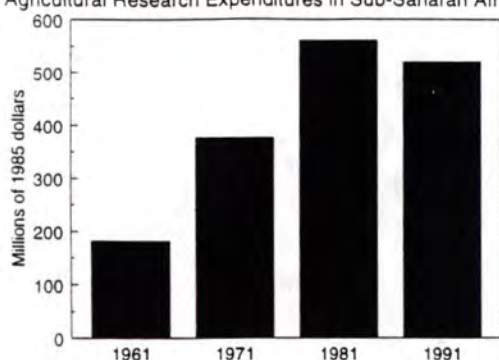
Cause for optimism: policy reform and new technology. In the 1980s, several African countries undertook policy reforms that reversed implicit and explicit taxation on agriculture and export sectors, helping to revive growth in their economies (see *Weekly Economic Briefing*, March 13, 1998). Policy reforms included reducing export taxes, realigning exchange rates, and deregulating domestic markets. These reforms increased incentives for farmers by raising commodity prices and reducing marketing costs.

Technological advances have been an additional factor helping farmers expand production of certain agricultural commodities. The output of corn, now the region's most important food crop, increased from 15 million metric tons in the early 1980s to 27 million metric tons by the mid 1990s. Moreover, the growth in corn production occurred primarily on small farms (which constitute the vast majority of Africa's farms) rather than on large-scale commercial farms. By 1990, about 40 percent of the corn cropland in the region was planted with improved varieties. But yields remain low by world standards, and there is a critical need to enhance soil fertility and improve natural resource management to achieve further gains in productivity.

Enhancing agricultural growth. The key to faster growth in the agricultural sector is rapid technological change in agricultural production, both for food crops and for export commodities such as coffee and cocoa. Unfortunately, Asia's green revolution cannot be automatically replicated in Africa because soil, climate and

social conditions differ. Bringing better technology to African farmers requires new investments in agricultural research along with improvements in rural infrastructure

Agricultural Research Expenditures in Sub-Saharan Africa



and continued policy reforms. While funding for agricultural research has grown significantly in inflation-adjusted dollars since the 1960s (see chart), many of the national agricultural research systems in sub-Saharan Africa remain institutionally weak and increasingly dependent on foreign aid for support. National investments in agricultural research fell in the 1980s, and by 1991 more than 40 percent of the region's agricultural research was funded through foreign aid.

Implications. Increased agricultural productivity will be crucial for enhancing economic growth and reducing poverty in sub-Saharan Africa in the 21st century. Recent experience with corn provides grounds for optimism that new technologies can be successfully developed and disseminated to increase agricultural production in the region. To sustain and enhance agricultural growth will require greater commitment to agricultural research and continued progress in market liberalization and policy reform.

ARTICLE

Using Audits to Monitor Racial Discrimination

Speaker Gingrich recently supported Administration proposals to expand funding for the Equal Employment Opportunity Commission—but on the condition that it discontinue a small “audit” program aimed at detecting racial discrimination. Whatever the merits of auditing (also called “testing”) as an enforcement device, it deserves consideration as a mechanism for monitoring the extent of discrimination in the American economy.

What are audits? In audit studies, pairs of auditors—one minority and one white—are provided with essentially identical qualifications (such as resumes) and sent to apply for housing or employment, or to bargain for a consumer good such as a car. Such studies have been used for a variety of purposes including research, advocacy, and, more recently, enforcement (to obtain evidence of discrimination). The main alternative to audit studies for measuring discrimination is a statistical analysis of differences in economic outcomes, often based on household survey data. Such analyses attempt to control statistically for relevant characteristics that could differ between races, and they attribute remaining differences in economic outcomes to discrimination.

Strengths. Audit studies have at least three strengths.

- Detailed controls. The chief weakness of statistical analyses of survey data is that they inevitably omit some relevant economic characteristics. Audit studies, by contrast, are designed to ensure that there are no systematic differences between the relevant characteristics of minority and white applicants.
- Pinpointing circumstances where discrimination is most frequent. Audits can help target enforcement activities and provide information about the causes of discrimination. For example, housing audits have found that discriminatory treatment is *more* likely in integrated neighborhoods. Scholars have hypothesized that such behavior represents efforts to prevent racial “tipping.”
- Narrative power. Statistical analyses can be difficult to understand and are far removed from everyday experiences. Audit methods are easily understood and provide narrative accounts of specific acts of discrimination. Such accounts can be particularly effective in raising public awareness that racial discrimination continues.

Limitations. Although powerful, audit studies have important limitations.

- Coverage. Audit studies can target only a narrow set of discriminatory situations. For example, audit studies of job discrimination have been limited to the hiring stage, and even then, to entry-level and mainly low-skill positions. Testing for

discrimination in promotion or dismissal is difficult if not impossible, as is testing for discrimination in hiring for high-skill positions. In the housing market, testing for discrimination beyond the application stage is problematic due to laws prohibiting the provision of false information on credit applications. Moreover, some landlords appear to be protecting themselves against testing by requiring prospective tenants to submit a credit application before showing them available apartments.

- **Precision.** Audit studies provide only a range of estimates of discrimination. Specifically, audit studies provide estimates of the degree of less-favorable treatment. In each audit, the two testers may be treated equally, or one tester may be treated less favorably than the other. Two measures of discrimination result. The “gross” measure is simply the percent of audits in which the minority tester experienced less-favorable treatment. The “net” measure is the difference between the percent of audits in which the minority tester is treated less favorably and the percent of audits in which the white tester is treated less favorably. The net measure eliminates differences in treatment that result from chance. But if white testers are sometimes treated less favorably for systematic reasons—for example, due to affirmative action in hiring—then cases of unfavorable treatment of white testers in no way “offset” unfavorable treatment of minority testers. The “net” measure is a lower bound and the “gross” measure an upper bound for discrimination. Unfortunately, these bounds can produce wide ranges for estimates of discrimination.
- **Interpretation.** Neither statistical disparity studies nor audit studies provide comprehensive estimates of the cost of discrimination. But audit studies have the further disadvantage that estimates of discriminatory treatment are often difficult to translate into disparities in economic outcomes such as employment rates or wage rates.

Audits as a monitoring device. Audit studies can tell us whether discrimination continues to exist in certain areas of the economy and for certain populations. However, the limited focus and wide range of estimates suggest caution in the use and interpretation of audit studies to monitor changes in discrimination over time. Because the available methods all have important strengths and limitations, efforts to monitor the extent of discrimination would benefit from a combination of approaches. Findings that show up consistently across methods will be more credible than those from any single method.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Children of Immigrants Excel in School, Have High Aspirations. Children of immigrants have higher grades and sharply lower dropout rates than other American children, according to the latest estimates from the Children of Immigrants Longitudinal Study (CILS). The study, begun in 1991, has followed the progress of both foreign-born and U.S.-born teenage children of immigrants in Southern California and South Florida, two key areas of immigrant settlement. In both areas studied, the dropout rate for children of immigrants in grades 9-12 was less than half that for the school districts as a whole. Similarly, data on students' grade-point averages, available from the San Diego City School District, showed that children of immigrants in grades 9-12 outperformed the district norms at every grade level. Two-thirds of 11th and 12th graders from immigrant families said they aspired to advanced degrees, and 44 percent said they "realistically" expected to earn these degrees. The researchers suggest that their findings undercut public concerns that the growing population of young immigrants and children of immigrants will lead to an expanded multiethnic underclass in the next generation.

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Study Estimates Substantial Costs of Child Poverty. Each year spent in poverty as a child is associated with reduced earnings later in life. A new report from the Children's Defense Fund estimates that the discounted present value of the lost lifetime earnings associated with the 14.5 million American children who lived in poverty in 1996 is \$130 billion. Lost years of schooling alone account for \$26 billion of the figure. The report casts these costs as lost economic output, though they are probably better interpreted as a statement about the lifetime disadvantages faced by children who experience poverty. The CDF notes that lost wages and output are only one of the channels through which child poverty imposes costs on society. Additional costs cited include higher crime rates, higher costs of educating poor children who must repeat a grade, and higher expenditures on social services.

Interpreting New York's Welfare Results. This week the *New York Times* reported that an unpublished New York State survey found that less than 30 percent of those whose welfare (AFDC/TANF) cases were closed in March 1997 had earnings of more than \$100 in the next quarter. The percentage of former welfare recipients finding employment is substantially lower than that found in other recent state studies. For example, a recent Maryland study found that half of former recipients worked at some point in the quarter after exiting welfare. But New York has historically had relatively low rates of work among current and former welfare recipients compared with other states. Moreover, a high proportion of welfare leavers have always been without jobs. For example, surveys in other states suggest that only about 40 percent of those who left welfare voluntarily (both before and after welfare reform) did so because they got a job or earned more money; other reasons for leaving, which would not necessarily result in a desire for employment, include changes in family composition and increases in unearned income such as child support.

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INTERNATIONAL ROUNDUP

Official Reports Confirm Expectations on EMU Convergence. As expected, 11 European countries were judged to have satisfied the Maastricht criteria for participation in the Economic and Monetary Union (EMU). A report issued by the European Commission did not consider the Maastricht conditions to have been met by Greece or Sweden. Denmark and the United Kingdom have chosen to "opt-out" of the start of EMU in 1999. The Commission claimed "a high degree of sustainable convergence had been achieved" by the remaining 11 of the 15 EU countries. However, a report by the European Monetary Institute, which is charged with contributing to the fulfillment of the conditions necessary for monetary unification, warned that some of the fiscal consolidation achieved by member countries may be difficult to sustain without further efforts.

World Bank Assesses Global Development Finance. Direct investment into developing countries increased last year by about 1 percent, down from 17 percent growth in 1996, according to the latest edition of the annual World Bank report, *Global Development Finance*. Portfolio equity flows experienced a 29 percent decline. Net long-term flows were up in 1997 overall, as they have been in every year since 1990. However, bond issues and loan commitments fell by almost 40 percent in the fourth quarter, indicating the volatility of capital flows. A key factor contributing to what the Bank describes as a "rollercoaster year" for emerging markets was the East Asian financial crisis, which the report attributes to financial vulnerabilities arising from private sector financial decisions made in an environment that encouraged excessive risk taking. This financial sector weakness led to a misallocation of investment. World Bank chief economist Joseph Stiglitz, in an op-ed, expressed his own view on the implications of the composition of capital flows for crises like that of East Asia. Stiglitz (whose views on financial markets have been considerably more interventionist than most economists have supported) argues that useful steps to improve the functioning of the financial system include not only better dissemination of information and domestic reforms, but also policy to influence the nature of cross-border investment. Flows that take the form of foreign direct investment are relatively stable, while short-term capital flows are less beneficial and more likely to create vulnerability to a crisis. Stiglitz discusses a "financial architecture" that might involve, for example, prudential banking regulations to limit foreign-currency exposure, or Chile-style penalties on short-term capital inflows.

Global Trade Outlook for 1998 is Dimmer—but not Dark. Global trade generally expands faster than income. In 1997, for example, the volume of world merchandise exports grew 9.5 percent, the second highest rate in more than 2 decades, and well more than twice the rate of growth of output. The outlook for 1998, however, is clouded by the Asian financial crisis. A recent World Trade Organization report projects that 2 to 3 percentage points will be shaved off the growth of global trade, due primarily to expected slower growth in the Americas and Asia. Even so, the rate of global trade expansion would exceed those recorded in the first half of the 1990s.

RELEASES THIS WEEK

Gross Domestic Product

According to revised estimates, real gross domestic product grew at an annual rate of 3.7 percent in the fourth quarter of 1997.

Advance Durable Orders

Advance estimates show that new orders for durable goods decreased 1.7 percent in February, following an increase of 1.5 percent in January.

MAJOR RELEASES NEXT WEEK

Consumer Confidence—Conference Board (Tuesday)
NAPM Report on Business (Wednesday)
Leading Indicators (Wednesday)
Employment (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1997	1997:2	1997:3	1997:4
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	3.7	3.3	3.1	3.7
GDP chain-type price index	5.4	1.8	1.8	1.4	1.4
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	2.1	2.3	3.6	1.6
Real compensation per hour:					
Using CPI	0.6	2.2	1.8	1.8	3.1
Using NFB deflator	1.3	2.5	2.0	2.7	3.9
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.5	10.4	10.7	10.6
Residential investment	4.5	4.1	4.0	4.1	4.1
Exports	8.2	11.8	12.0	11.9	11.9
Imports	9.2	13.1	13.1	13.3	13.2
Personal saving	5.3	2.8	3.1	2.6	2.9
Federal surplus	-2.7	-0.4	-0.5	-0.1	-0.1
	1970- 1993	1997	Dec. 1997	Jan. 1998	Feb. 1998
Unemployment Rate	6.7**	4.9**	4.7	4.7	4.6
Payroll employment (thousands)					
increase per month			354	375	310
increase since Jan. 1993					15035
Inflation (percent per period)					
CPI	5.8	1.7	0.1	0.0	0.1
PPI-Finished goods	5.0	-1.2	-0.2	-0.7	-0.1

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

New or revised data in **boldface**.

FINANCIAL STATISTICS

	1996	1997	Jan. 1998	Feb. 1998	March 26, 1998
Dow-Jones Industrial Average	5743	7441	7808	8324	8847
Interest Rates					
3-month T-bill	5.01	5.06	5.04	5.09	5.08
10-year T-bond	6.44	6.35	5.54	5.57	5.68
Mortgage rate, 30-year fixed	7.80	7.60	6.99	7.04	7.08
Prime rate	8.27	8.44	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level March 26, 1998	Percent Change from	
		Week ago	Year ago
Deutschemark-Dollar	1.822	-0.4	7.7
Yen-Dollar	128.7	-1.3	3.6
Multilateral \$ (Mar. 1973=100)	100.1	-0.6	4.8

International Comparisons	Real GDP growth (last 4 quarters)	Unemployment rate	CPI inflation (last 12 months)
United States	3.7 (Q4)	4.6 (Feb)	1.4 (Feb)
Canada	4.2 (Q4)	8.9 (Jan)	1.2 (Jan)
Japan	-0.2 (Q4)	3.5 (Jan)	1.8 (Jan)
France	3.2 (Q4)	12.2 (Jan)	0.5 (Jan)
Germany	2.3 (Q4)	7.8 (Nov)	1.2 (Jan)
Italy	2.8 (Q4)	12.3 (Oct)	1.6 (Jan)
United Kingdom	2.9 (Q4)	6.4 (Jan)	3.3 (Jan)



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

March 27, 1998

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MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE BOWLES

FROM: KATHLEEN A. MCGINTY *Kst of*

SUBJECT: CEQ WEEKLY REPORT

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page 2: Bowles*

SUSTAINABLE COMMUNITIES

Electricity Restructuring

The Administration released its electricity restructuring proposal this week. The proposal is estimated to save consumers billions of dollars through increased utility competition and is designed to promote cleaner sources of energy. However, the proposal met with decidedly mixed reviews from the environmental community and received some negative press about whether it indicated a lack of commitment on climate change. The groups that have focused on efficiency and renewable energy were pleased and supportive, but those who have made climate change a priority were very critical.

It will be important in the coming months to emphasize the aspects of our announcement that make clear that we will monitor the emissions situation while restructuring is pending, and that we have ~~reserved our rights to add measures necessary to address unanticipated consequences~~. It will also be important for all Administration officials, to make clear to the utility industry that we anticipate requiring carbon reductions from that sector and that their near-term investment decisions should take that into account.

Specifically, our electricity proposal makes clear that we will not seek to add a carbon cap and trade proposal to the bill in this Congress. It explicitly reserves our rights to use any appropriate legislative vehicle, including electricity restructuring, to move a cap and trade provision at the appropriate time in the future, consistent with our climate change policy. This recognizes that we are not yet ready to structure a legislative proposal on a carbon cap and trade system but are gathering information in that regard. We are clearly on record, and continue to expect, to implement such a system by 2008.

Other important provisions of our proposal with respect to climate change include a commitment to monitor utility emissions beginning immediately, and to collect information available to all agencies in an annual report to you, to allow us to assess whether any further action is necessary while electricity restructuring is pending. Our proposal clearly reserves our right to address "unanticipated consequences" in a timely way should emissions unexpectedly increase.

RESOURCE STEWARDSHIP

National Forest Issues

Over the past few weeks, the Republican Congress has launched a full-scale attack on the Administration's forest policy, and, in particular, on several initiatives recently announced in your budget and by the Chief of the Forest Service. The attacks have come in three areas:

- Budget: Several key Committee Chairs have launched a broad attack against the Forest Service by announcing their intent to slash appropriations to a level that would put the national forests in "custodial" status. The attack was specifically framed as a response to the Administration's policies and is intended to set the stage for devolution of the national forests into state or private ownership. In addition, Congress will use "must have" appropriations bills as vehicles for passing anti-environmental timber riders, as the Senate did this week with the Emergency Supplemental Appropriation for FY 1998.
- Authorizing Legislation: There have been a series of bills introduced or moving in the House and Senate that would fundamentally reverse the course we have set. This includes various "forest health" bills that would actually promote more logging, attempts to undermine specific parts of recent Forest Service initiatives, and bills to mandate particular logging levels in certain national forests.
- Direct Pressure on the Forest Service: The Forest Service has been subjected to unprecedented pressure, through endless hearings, documents requests, subpoenas and other forms of harassment. This week, a hearing focused on a GAO report criticizing financial management in the Forest Service. While there have been problems in this area, Mike Dombeck, Chief of the Forest Service, is taking measures to change financial systems where needed. Ironically, some of the problems have been caused by the use of off-budget trust funds, a mechanism that some Congressional proposals would expand.

Co: SGB

We
need
to
focus
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As you know, our forest policies are based on sound science and compliance with environmental laws and have, I believe, the support of most Americans. The extremist approach being advocated by the majority in Congress can be defeated if we articulate our position early and clearly. A striking example of this occurred today in the House with the defeat of a forest bill, H.R. 2515, the Forest Recovery and Protection Act of 1998 sponsored by Representative Bob Smith (R-OR), by a 201 - 181 vote.

Although this victory was due in part to a vacillating split in the Republican Caucus, it is still a clear indication that a strong defense of our policies, grounded in sound science and environmental law, can overcome the efforts of extremists on Congress. We need to continue these kinds of efforts, showing solidarity with the Forest Service as its Chief works to bring the agency into the 21st century, and to develop an overall strategy to combat the broad-based attack by Congress on these policies.

PROTECTING COMMUNITIES FROM TOXICS

Napalm Shipments from California to Indiana

The Department of the Navy is seeking to begin shipments of twenty-two tons of napalm from the Fallbrook Naval Ordnance Center in California to a hazardous waste disposal facility in East Chicago, Indiana. Numerous complaints where the facility is located have been raised regarding these shipments because of an EPA determination that the Indiana facility was "unacceptable" for the receipt of off-site wastes due to a separate PCB contamination issue. In addition to the PCB matter, concerns have also been raised about the environmental justice issues of shipping the napalm to a site in a predominantly minority and lower-income community.

CEQ continues to work with the Department of the Navy and EPA to assure that no napalm shipments commence until EPA can assure that the PCB contamination safety issue at the recipient facility has been remedied. Meanwhile, Congressional activity on the Hill is increasing on both sides of the issue, from California Members who want to commence shipment -- Senators Feinstein (D-CA) and Boxer (D-CA), and Representatives Cunningham (R-CA) and Packard (R-CA) -- and Members near the facility who are opposed -- Representatives Blagojevich (D-IL), Jackson, Jr. (D-IL), and Weller (R-IL).

INTERNATIONAL LEADERSHIP

Climate Change

We will begin to include our climate change entries in the Climate Change Weekly Report submitted to you by Todd Stern each week.



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

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March 27, 1998

4-6-98

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MEMORANDUM FOR THE PRESIDENT

FROM: JOHN H. GIBBONS 
CC: ERSKINE BOWLES
SUBJECT: OSTP WEEKLY REPORT

PCAST URGES SENATE TO RESTORE FUNDING FOR CLIMATE CHANGE
TECHNOLOGY INITIATIVE

In a March 24 letter to Senator Domenici (attached), John Holdren and the task force co-chairs of the PCAST Energy R&D report endorsed your budget request for the Climate Change Technology Initiative and took the Senate Budget Committee to task for failing to recognize some vital points:

- Increased R&D is an inexpensive insurance policy providing the means for cost-effective reductions in greenhouse gas emissions, and such R&D must be conducted before the time for deployment of the improved technologies.
- Improved energy technologies would bring many benefits in addition to lower greenhouse gas emissions, including reduced consumer costs, improved competitiveness in a multi-billion dollar market for energy technologies, reduced dependence on imported oil, and improved air and water quality.

We expect Senator John Kerry to provide a "Dear Colleague" distribution of Holdren's letter next week just prior to the full Senate vote on the budget resolution.

24 March 1998

Senator Pete Domenici, Chairman
Committee on the Budget
621 Dirksen Senate Office Building
Washington, DC 20510-6100

Dear Senator Domenici:

The writers of this letter were, respectively, Chair of the 1997 PCAST panel on "Federal Energy R&D for the Challenges of the 21st Century" and leaders of the panel's four Task Forces on Energy-Efficiency Technologies, Fossil-Energy Technologies, Nuclear-Energy Technologies, and Renewable-Energy Technologies. We write now as individuals — not as representatives of PCAST or of our institutions, but drawing on the insights developed in the PCAST study — to urge favorable consideration by the Congress of the energy R&D initiatives in the Administration's FY 1999 budget request. We do not think the economic, environmental, and national-security benefits to be derived from improved energy technologies are partisan issues, and we hope that the R&D initiatives needed to bring these benefits about will not be casualties of budget battles waged on partisan grounds.

The PCAST recommendations, which were submitted to the Administration in summary form at the end of September and with full documentation at the beginning of November, were based on a thorough and critical review of existing Federal energy R&D programs evaluated against the energy-related challenges and opportunities the 21st century will pose. There is broad private-sector support for the recommendations, which took into account the likely R&D contributions of the private sector and the potential for increased symbiosis between public-sector and private-sector efforts. The panel that conducted the study contained distinguished individuals of wide experience in industry, government, academia, and public-interest organizations, with specializations across the full range of energy options; it also contained individuals of wide and senior experience in non-energy enterprises, who did not start out with any presumption that more energy R&D — or more Federal energy R&D — would be a good thing.

The panel recommended modifications to DOE's applied energy-technology (fossil, nuclear, renewable, efficiency) R&D programs that would increase funding in these categories from about \$1.3 billion per year in the FY 1998 appropriation to \$1.8 billion in FY 1999 and \$2.4 billion in FY 2003. The principal recommended increases were (in descending order) in efficiency, renewable, and nuclear (fusion and fission) technologies; recommended initiatives in the fossil category were largely offset by recommended phase-outs. The proposed R&D portfolio addresses the full range of economic, environmental, and national-security challenges related to energy, in their shorter-term and longer-term dimensions. Also recommended were a number of improvements in DOE's management of its R&D efforts. Notwithstanding the diversity of the panel and the complexity of the issue, all of these recommendations were unanimous; there were no dissenting views.

Overall, about two-thirds of the PCAST budget recommendations found their way into the Administration's FY 1999 request. We do not think we recommended any more than was necessary and prudent, but we can understand the budgetary reasons for the Administration's restraint. Further reductions in these amounts, though, would make us think that the PCAST Panel had wasted its six months of intensive analytical effort and, more importantly, that the country would be sacrificing big future benefits for very modest current savings. It may be worth pointing out that the total applied

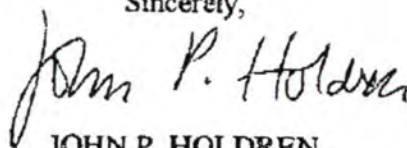
energy-technology R&D budget authority proposed by PCAST for FY 1999 would be about 0.3 percent of what the country will spend on energy in that year.

The Senate Budget Committee rejected most of the energy R&D increases in the Administration's request because — according to the Committee's mark-up — the increases had been designated as part of the President's Climate Control Technology Initiative and the Committee judged it premature to provide funding for such before the President has submitted the Kyoto Climate Protocol for Senate ratification. This is not a persuasive argument. The PCAST panel, which contained individuals with a wide range of views on the dangers of climate change, noted that increased R&D is an inexpensive insurance policy providing the means for cost-effective reductions in the emissions of greenhouse gases *in the event that society decides such reductions are necessary*. But, of course, the R&D must be conducted *before* the time when the improved technologies may need to be deployed.

In addition, as the PCAST panel pointed out, improved energy technologies would bring many other benefits besides the potential for cost-effective greenhouse gas reductions. Such improvements would: reduce consumer costs for energy supplies and services; increase the productivity of U.S. manufacturing; improve U.S. competitiveness in the multi-hundred-billion-dollar-per-year world market for energy technologies; reduce costly and dangerous over-dependence on imported oil; improve air and water quality; improve the safety and proliferation resistance of nuclear energy operations around the world; and enhance the prospects for environmentally sustainable and politically stabilizing economic development in many of the world's potential trouble spots.

These are big potential returns to the taxpayers — on issues crucial to the Nation's well-being — in exchange for very modest investments in an appropriate Federal energy R&D portfolio, tailored for complementarity and cooperation with the R&D activities of the private sector. We hope that Congress will come to see it that way.

Sincerely,



JOHN P. HOLDREN

Kennedy School of Government

- Harvard University, Cambridge, MA 02138

Chair of the PCAST Energy R&D Panel

JOHN AHEARNE

Former Chairman

U.S. Nuclear Regulatory Commission

Chair of the PCAST Nuclear Task Force

WILLIAM FULKERSON

Former Associate Director

Oak Ridge National Laboratory

Chair of the Fossil Energy Task Force

MAXINE SAVITZ

General Manager

AlliedSignal Ceramic Components

Chair of the Efficiency Task Force

ROBERT H. WILLIAMS

Princeton University

Chair of the Renewables Task Force

Affiliations for purposes of identification only.

THE WHITE HOUSE

WASHINGTON

March 27, 1998

4-6-98

Copied
Marshall
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MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. T.M.

SUBJECT: Summary of Cabinet Weekly Reports
March 21 - 27, 1998

DEPARTMENT OF TREASURY

- **Russia:** Markets have reacted positively to President Yeltsin's March 23 cabinet reshuffle. Russia's domestic debt market has strengthened, with yields on treasury bills falling to 27 percent. Markets could turn against Russia if the nominee for Prime Minister is disappointing or if the process of creating a government drags through the spring and delays consideration of key economic legislation.
- **Indonesia:** On March 14-19, in technical talks in Jakarta with President Suharto's new cabinet, Under Secretary Lipton underscored the importance the U.S. places on the restoration of financial stability in Indonesia and discussed in detail the many challenges that Indonesian policy makers face. The Under Secretary also met with the IMF's negotiating team, which arrived in Jakarta on March 17. Negotiations between the IMF and Indonesia appear to be progressing, with an agreement on an enhanced, comprehensive reform program possible late next week.
- **IDB Annual Meeting:** On March 16-18, Deputy Secretary Summers met with Latin Finance Ministers at the Annual Meeting of the Inter-American Development Bank (IDB) in Cartagena, Colombia. Summers urged the IDB to deepen its support for the Summit of the Americas' education goals. The IDB and Latin Finance Ministers were receptive to his proposal to double IDB lending for education to \$3 billion over the next three years. There was also significant support for the creation of an additional special fund for regional education initiatives. There was optimism that Latin America would stay immune to Asian financial turmoil, due to recent economic and financial reforms.

DEPARTMENT OF JUSTICE

- **Lockheed Martin's Purchase of Northrop Grumman:** On March 23, DOJ, in cooperation with DoD, announced a decision to sue to prevent the proposed acquisition of Northrop Grumman by Lockheed Martin. DOJ and DoD believe that the merger would eliminate competition and reduce innovation in many areas of vital importance to national security.
- **"Cannabis Clubs":** On March 24, a judge heard argument on the government's motions for preliminary injunction against six "cannabis clubs" in CA. The motions seek to enjoin the defendants' ongoing distribution and cultivation of marijuana, which constitute unambiguous violations of the Controlled Substances Act.
- **Communications Assistance for Law Enforcement Act (CALEA):** Under the CALEA, the telecommunications industry has been assigned various obligations so that law enforcement can continue to intercept both the content of telephone calls and information about them. Congress provided for \$500 million to pay for this mandate, and the industry was to design standards through consultation with the Government. The Attorney General has deemed industry standards deficient and has continued to negotiate with industry representatives. She has also directed that a petition for expedited rulemaking be prepared and filed with the FCC by March 27, on behalf of federal, state, and local law enforcement entities.
- **Resident Aliens and Food Stamps:** A group of legal resident aliens sued to challenge the constitutionality of the statute's food stamp cutoff as a violation of due process, contending that delays in INS processing of their applications for naturalization effectively deprived them of a fair opportunity to requalify before their food stamp benefits were cut off. The court of appeals concluded that the legal resident aliens had no property interest in the continuation of benefits and that the food stamp citizenship requirement could not violate plaintiffs' due process rights. This is one of the first appellate decisions on the constitutionality of the Welfare Reform Act's food stamp citizenship requirement.
- **Tribal Land Dispute:** Last week, DOJ intervened in two eastern NY land claim suits. The tribes filed these claims in 1970-93, alleging that the State of NY acquired these lands without the required congressional approval. Because NY did not acquire legal title to the land it purchased from the tribes, it had no legal title to pass on to the non-Indians who acquired it from the State.

DEPARTMENT OF INTERIOR

- **Ward Valley:** The Colorado River Native Nations Alliance is still occupying the site at Ward Valley, CA, causing a delay in DOI's efforts to conduct tritium testing.

- **El Niño:** The impact of El Niño on snowpack and spring runoff in the Upper Basin of the Colorado River remain unknown. Unregulated inflows to Lake Powell were 105 percent of normal in February, while the current snowpack conditions are about 90 percent of normal. Glen Canyon Dam average daily releases are slightly higher than normal for this time of year. The April-July 1998 runoff projection is 7.4 million acre feet, which is 96 percent of normal. If late spring El Niño-related storms materialize, there will be sufficient storage space in Lake Powell.
- **Hopi Tribe Coal Lease:** Secretary Babbitt will host a signing ceremony in Washington, DC, between the Hopi Tribe and Peabody Coal for new lease terms on the Black Mesa Mine in CA. The Tribe will receive higher royalties, which ultimately comprise 80 percent of the Tribe's revenue base.
- **Japanese American Exhibit:** An exhibit by the Japanese American National Museum on the treatment of Japanese Americans during World War II is scheduled to be at the Ellis Island Immigration Museum from April 3, 1998 through January 5, 1999. NPS staff at Ellis Island have questioned using the term "concentration camps" in the exhibit's title, "America's Concentration Camps: Remembering the Japanese American Experience" because it may be offensive to Jewish Americans. The Japanese American National Museum has been adamant that the term "concentration camps" be used.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Food Safety:** On March 23, Secretary Glickman delivered a speech on food safety, with an emphasis on the role of consumers, to Public Voice in Washington, D.C. The Secretary talked about Administration efforts on food safety and USDA's role. He also discussed agricultural research legislation currently being considered in Congress that deals with such important Administration issues as crop insurance, research, and aid to rural communities.
- **Meat Packing Industry:** On March 24, Secretary Glickman joined Senators Daschle, Baucus, Conrad, Dorgan, Harkin, Johnson, and Wellstone to announce steps USDA will undertake to investigate and end potentially anti-competitive practices in the meat packing industry. The Secretary also announced that, in response to excessive supplies and low prices, USDA will be purchasing an additional \$30 million in beef and \$25 million in turkey products for distribution through emergency feeding programs.
- **Dairy Exports:** On March 12-18, USDA approved subsidies to facilitate the export of 1748 metric tons of dairy products to various Latin American destinations.
- **Friends of the Israel Defense Forces:** On March 26, Secretary Glickman addressed the Friends of the Israel Defense Forces in Miami, FL.

- **Conservation Reserve Enhancement Program:** On March 30, Secretary Glickman will announce a Conservation Reserve Enhancement Program for IL in Peoria.

DEPARTMENT OF COMMERCE

- **El Niño:** National Weather Service (NWS) Offices in California are preparing for another onslaught of El Niño storms.
- **FL Tornadoes:** As further protection against severe storms such as the recent FL tornadoes, NWS is upgrading the transmitter sites in Tampa, Daytona Beach, Tallahassee, and Key West. A second transmitter will be made available at each site to serve as a backup in the event of a transmitter failure.
- **Asia Financial Crisis:** On April 2, Secretary Daley will host a roundtable meeting of businessmen, academics, and federal officials on the impact of the Asia financial crisis on U.S. exports and what the government can do to mitigate the impact of the crisis on business. Senator Bingaman has indicated an interest in participating, and it is possible that other members of Congress will participate.
- **International Trade Administration (ITA) Awards:** On April 3, Secretary Daley will officiate at an ITA Awards Ceremony in memory of the second anniversary of the death of Secretary Ron Brown.
- **50th Anniversary of First Tornado Forecast:** *Good Morning America*, *USA Today* and other media are expected to cover the 50th anniversary of the first tornado forecast, being marked in ceremonies at the National Severe Storms Laboratory and Storm Prediction Center in Norman, OK, and on Tinker Air Force Base, OK.

DEPARTMENT OF LABOR

- **KY Job Corps Centers:** On April 2, DOL will award a \$66.5 million contract to Res-Care, Inc./Horizons Consulting Group to operate the Earle C. Clements Job Corps Center in Morganfield, KY, and the Muhlenberg Satellite Center in Greenville, KY. The Clements Center is the largest residential Job Corps Center in the U.S. The centers provide vocational, educational, and related support services for 3,574 students per year.
- **Homeless Veterans:** On March 30, DOL will announce \$2.5 million in grants to 22 state and local public agencies and non-profit organizations to provide job search and counseling assistance, remedial education, classroom and on-the-job training, and support services such as transportation and transitional housing, to help homeless veterans participate in and keep the jobs that they get through the programs. The grantee states are: PA, MA, NY, KY, OH, WI, TX, MO, CA, OR, NM, and DC.

- **Council of Institutional Investors:** On March 31, Secretary Herman will address the Council of Institutional Investors annual meeting in Washington, DC. The Council is one of the nation's most important pension fund associations, representing over 15 million beneficiaries and investing over \$1 trillion in pension fund assets.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Organ Procurement and Transplantation Network (OPTN):** On March 26, the OPTN final rule went on public display in the *Federal Register*.
- **Computerized Child Support Enforcement Systems:** The week of March 30, the Computerized Child Support Enforcement Systems rule is expected to be published in the *Federal Register*.
- **Title XXI Proposals:**
 - ▶ **CA:** On March 24, CA's Title XXI proposal was approved. CA would use both a Medicaid expansion and an insurance purchasing pool to create a comprehensive subsidized health insurance program for uninsured children up to 200 percent of the FPL.
 - ▶ **IL:** The week of March 30, HCFA also anticipates approving IL's Title XXI proposal. IL has proposed a Medicaid expansion to cover children ages 10 through 19 in families with incomes up to 133 percent of the FPL.
- **Older American Continuation Grants:** On March 25, the Administration on Aging awarded Title VI, Part A (of the Older Americans Act) continuation grants to over 220 tribal organizations totaling \$16.6 million. This is the final year of the three-year project period. The grants provide supportive services, including nutrition services, to American Indian and AK Native elders. Three new tribes in AK and ME will be funded.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **HUD Reinvention:** On March 25, an independent review of HUD's efforts to implement its 2020 Management Reform Plan stated that HUD has made "significant progress towards achieving the many management reforms that are critical to making the Department function effectively," that the plan's reforms would dramatically change HUD and improve its performance, and that HUD is effectively implementing the plan.
- **Mortgage Insurance Refunds:** In the last three months, employees at HUD's Seattle Asset Recovery Center have tracked down 80 percent of homeowners owed mortgage insurance premium refunds in Washington state. The national search to find homebuyers owed \$70 million in refunds from HUD was launched last November. Eligible homeowners should receive a refund within 90 days of the date they submit the claim.

- **Chicago Public Housing:** On March 25, Secretary Cuomo announced that a team of senior HUD officials will visit Chicago in early April to hold an open discussion about housing issues. Some community groups have expressed concern about the potential demolition of Chicago's most dangerous and dilapidated public housing units and relocation of residents. Until the concerns are heard, no action will be taken on review of preliminary demolition and revitalization plans. HUD has received assurances from the Chicago Housing Authority that it will not submit plans for HUD approval until the discussions take place.
- **Home Resales:** According to statistics released on March 25, home resales rose 8.7 percent to a new record in February. If this trend continues, the record homeownership rate of 65.7 percent set in 1997 will be shattered.
- **Housing Starts:** Good weather throughout most of the nation, combined with a strong economy and low interest rates, helped to increase housing starts by six percent in February to an annual rate of 1,636,000 units. This is the highest monthly rate since November 1987 and the first time the monthly rate has topped 1.6 million on an annual basis since January of 1989.
- **Brownfields Report:** A new report, *The Effects of Environmental Hazards and Regulation on Urban Redevelopment*, jointly sponsored by HUD and EPA, provides insight into current issues concerning brownfields policy. This research examines a wide range of issues including: intertwined environmental and non-environmental distresses preventing redevelopment; evaluation of redevelopment policies and how CDBG programs support brownfield revitalization; innovative cleanup and development approaches likely to be conducted along with possible economic incentives to spur redevelopment; and the appropriate amount of government involvement.

DEPARTMENT OF TRANSPORTATION

- **OR Rafters Rescue:** On March 24, Coast Guard helicopters saved ten white water rafters stranded on the Illinois River in OR. Two other rafters died before rescue. Heavy rain and snow melt caused the river to run at nine times its normal flow, trapping the rafters along the canyon walls.
- **Race Relations Dialogue:** On March 19, NHTSA Administrator Martinez led a dialogue on race relations at Mary Washington College in Fredericksburg, VA. Over 300 high school and college students were in attendance. The focus on this meeting was the impact of the issues surrounding race on young Americans.

- **Airport Improvement:** By April 2, DOT and FAA will release several hundred million dollars in airport improvements to communities throughout the nation. White House staff is assessing options for participation by you and the Vice President, either by telephone or press release.

DEPARTMENT OF ENERGY

- **Electricity Restructuring:** On March 25, in a series of events that included EPA Administrator Browner, Secretary Peña unveiled the Administration's proposal to bring competition and consumer choice to the electricity industry, saving consumers roughly \$20 billion a year and improving the environment by reducing pollution and greenhouse gas emissions.
- **Energy Ministerial of the Eight:** Secretary Peña will travel to Moscow next week to lead the U.S. Delegation to the G-8 Energy Ministerial. The one-day Ministerial will concentrate on energy sector investment issues and market outlook into the twenty-first century.
- **Gasoline Prices:** Another low in the national average retail regular gasoline price was established this week with a 0.8 cent drop to 100.0 cents per gallon, almost matching a low last recorded in January 1994. The national average retail regular gasoline price was 20.4 cents lower than the same time last year. Adjusted for inflation, the retail price of gasoline continues to be the lowest since records were initiated in 1959, despite a higher tax component and substantial quality improvements.

DEPARTMENT OF EDUCATION

- **NC Civil Rights Complaint:** On March 16, DOEd's Office for Civil Rights (OCR) received a complaint from the NAACP NC Conference and the NC Education and Law Project alleging that NC's competency test, which students must pass to graduate from high school, discriminates against minorities. OCR staff are evaluating the complaint.
- **Closed Captioning Controversy:** DOEd staff are finalizing a response to the letter from Senators Coats and Lieberman to Secretary Riley that expressed their concerns about a DOEd-funded program that provides closed-captioning of television programs, including *The Jerry Springer Show*. Secretary Riley will indicate in his reply that the funding program for closed captioning was intended by Congress to provide the deaf and hard of hearing with broad access to television programming; and that it would be inappropriate for DOEd to censor the programs available to the general public by denying captioning to people who are hearing-impaired.

- **Speeches:** On April 2, Secretary Riley will address the National Council of Teachers of Mathematics in Washington, DC; on April 6, the National School Boards Association in New Orleans, LA; on April 7, and the Educational Testing Service 50th Anniversary Dinner in Princeton, NJ.
- **Hate Crimes:** On April 9, Secretary Riley will join Attorney General Reno for the Washington, DC release of the manual on hate crimes in schools that you requested from DOE and DOJ.

VETERANS AFFAIRS

- **Tobacco-Related Disabilities:** Despite continued opposition among some members of the House and Senate, legislation prohibiting compensation for tobacco-related disabilities is getting serious attention in budgetary deliberations. It appears that most of the savings associated with enacting VA's proposal are intended to pay for various highway and mass transit projects under the Intermodal Surface Transportation Efficiency Act.
- **Underutilized Inpatient Capacity:** VA is considering approval of new sharing agreements that would involve the sale of underutilized inpatient services at some VA facilities to community hospitals and other health care providers. Representatives of national veterans' service organizations, who have been advised of the revenue potential for this initiative, will be consulted on specific proposals for the expanded sharing of underutilized inpatient capacity. Any agreements must ensure that veterans receive priority treatment, that acceptable levels and quality of service for veterans are maintained or improved, and that national customer service and timeliness standards for veterans are met or exceeded.
- **Telepathology Diagnosis:** VA has installed telepathology systems in five VA medical centers that reduce the cost of delivering medical services. The systems connect patients who may be in remote geographical locations with their physicians.
- **Deputy General Counsel Retires:** Robert E. Coy, Deputy General Counsel and the current Acting General Counsel, will retire March 28 after more than 40 years of government service, 38 of which have been with VA.

ENVIRONMENTAL PROTECTION AGENCY

- **Superfund:** On March 24, the Senate Environment and Public Works Committee began mark-up of the Superfund reform bill. A bill was reported on March 26. EPA continues to oppose the bill.

UNITED STATES TRADE REPRESENTATIVE

- **WTO Disputes:** A WTO panel issued a preliminary ruling this week against Indonesia's national car program in a case brought by the U.S., Japan, and the EU. The final report will be issued in late April. The U.S. prevailed in another WTO dispute this week, in a case against Argentina involving duties on textile and footwear products. The panel findings were upheld by the WTO Appellate Body.
- **Mexico Apples:** On March 20, Ambassador Barshefsky announced the conclusion of the agreement reached by the U.S. apple industry and the Government of Mexico. The Administration has been engaged in a coordinated effort with the U.S. apple industry to reopen the Mexican apple market for red and golden delicious apples since Mexico's Secretariat of Commerce and Industrial Development imposed provisional anti-dumping measures. This matter has been a serious concern to Members of Congress from WA.
- **EU Biotech Corn:** On March 19, Ambassador Barshefsky praised the decision of the EU to approve three new varieties of corn produced by biotechnology. This decision is of great value to U.S. corn producers and ensures that corn exports, estimated over \$1 billion, will continue to grow.
- **FY99 Budget:** On March 31, Ambassador Barshefsky will testify before the House Appropriations Committee's Subcommittee on Commerce, Justice, State, the Judiciary and Related Agencies regarding the FY99 budget.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **OAS Model Session:** On March 30, Director McCaffrey will present the keynote address to 500 college students participating in the five-day Model Organization of American States session. He will discuss the *1998 National Drug Control Strategy* and international drug control issues.
- **Advertising Council:** On March 31, Director McCaffrey will address the Board of Directors of the Ad Council in NYC. The Council is a key partner in ONDCP's National Youth Anti-Drug Media Campaign and will serve as a clearinghouse for all public service messages used in the pro bono match component of the campaign.
- **U.S.-Mexico High Level Contact Group (HLCG):** On April 6-7, Director McCaffrey will lead a delegation to the HLCG meeting which will be held in Mexico City. On March 16, ONDCP hosted the first of two Principals' Planning meetings to inform the interagency members of the delegation on the progress made in developing the HLCG agenda and on the substance of unofficial coordination with representatives of the Government of Mexico (GOM). In addition, the Principals' Planning meeting provided an opportunity for senior members of ONDCP and the Principals to discuss sensitive

issues that might arise during the April 6-7 session in Mexico. On March 17, in anticipation of a vigorous discussion of Performance Measures of Effectiveness (PME) in Mexico, ONDCP presented a comprehensive briefing and discussion on the concepts and methodologies involved in developing PMEs to members of the Mexican Embassy.

SMALL BUSINESS ADMINISTRATION

- **Year 2000 (Y2K):** On March 31, Administrator Alvarez will participate in a Y2K press conference with Director Raines and John Koskinen.
- **America's Promise:** From 1997 to date, more than 35,000 high school and college students have received training, counseling, technical assistance, and mentoring through SBA Regional and District Offices and resource partners. SBA's One Stop Capital Shops will provide outreach to students in rural and underserved communities, training opportunities for youth through collaborative efforts between federal, state, and local government programs, and partnerships with local business communities to assist in mentoring potential entrepreneurs.
- **Big Three:** On March 27, Administrator Alvarez met with representatives of the Big Three Automakers to advance the MOU for enhancing procurement opportunities for minority contractors. She will have lunch with lenders to discuss SBA's lending initiatives to the underserved small business community, meet with 50 small business leaders to discuss SBA goals and initiatives, and visit district staff.
- **HUBZones:** On April 2 or 3, Administrator Alvarez is scheduled to participate in a HUBZone Rollout with Vice President Gore in TN.

OFFICE OF PERSONNEL MANAGEMENT

- **Welfare-to-Work:** As a part of your welfare-to-work initiative, federal agencies have hired 3,680 former welfare recipients since March 8, 1997. This is 35 percent of the four-year goal of the administration.
- **Kick Butts Day:** On April 2, Director Lachance will take part in an event to highlight Kick Butts Day. That evening she will be the keynote speaker at the Federally Employed Women's Dinner at the Fort Myer Officers' Club.

UNITED STATES INFORMATION AGENCY

- **USIA Poll Results:**
 - ▶ **Serbia:** A USIA-Sponsored poll shows that public opinion in Serbia is in line with the government's view that Kosovo is an internal problem and international organizations should not be involved. The Serb public opposes an autonomous or

independent Kosovo but about as many oppose (45 percent) as favor (37 percent) having a member of their family fight over Kosovo's future.

- ▶ **Israel:** Six-in-ten Jewish Israelis favor an active U.S. role in the negotiations either "proposing compromise solutions and pressuring both sides to make progress" (34 percent) or "proposing compromise solutions without pressuring either side" (29 percent). Nearly six-in-ten also said that they were supportive of giving up at least ten percent of the West Bank to the Palestinians "to advance the peace process."

SOCIAL SECURITY ADMINISTRATION

- **SSI Childhood Disability:** During the week of March 15, SSA sent notices to about 18,000 individuals who recently turned 18 and whose SSI benefits were ceased, giving them another opportunity to appeal or to file for benefit continuation. SSA also sent notices to families of 1,200 children who had appealed their determination of ineligibility for SSI to the hearing level but had not filed for benefit continuation, giving them an opportunity to request benefit continuation during appeal.
- **Government Pension Benefits:** GAO is expected to release by the first of April its report on how well SSA administers the Government Pension Offset (GPO) provision and Windfall Elimination Provision (WEP). Under GPO, SSA must reduce benefits to noncovered government workers when their entitlement to Social Security is based on another person's coverage. Under WEP, SSA must use a modified formula to calculate Social Security benefits earned by a person with limited Social Security covered employment. GAO is expected to report that there are weaknesses in SSA's internal controls over applying GPO and WEP and will estimate that SSA made overpayments costing the trust funds between \$160 million to \$355 million from 1978 to about 1995.

cc:

The Vice President
Erskine Bowles
Sandy Berger
Sidney Blumenthal
Maria Echaveste
Rahm Emanuel
Mickey Ibarra
Janis Kearney
Ron Klain
Ann Lewis
Sylvia Mathews
Michael McCurry
Katie McGinty
John Podesta
Franklin Raines
Bruce Reed
Craig Smith
Doug Sosnik
Gene Sperling
Larry Stein
Melanne Verveer

DEPARTMENT OF STATE

Russia Leadership Changes: Following Prime Minister Chernomyrdin's dismissal, President Yeltsin appears committed to following constitutional procedures in appointing a new government; Yeltsin has until April 6 to propose a new Prime Minister candidate to the Duma. In her March 24 meeting in Cologne with acting Foreign Minister Primakov, the Secretary stressed our interest in continuity and Russia's fulfillment of its commitments, particularly on Iran technology-transfer issues. Primakov, who expects to stay on, reassured her that commitments made at GCC-X will be honored and said Yeltsin will seek START II ratification in April.

Kosovo-Contact Group: Secretary Albright chaired a difficult Contact Group Ministerial on Kosovo in Bonn on March 25. In the face of determined opposition from the Russians and the French, we managed to uphold the tough language of the Group's March 9 London Statement calling for punitive measures if Belgrade does not move toward talks with the Kosovar Albanians. These measures include the UN Security Council imposing an arms embargo against the FRY by March 31. We have already gone ahead with a prospective visa ban against Milosevic and other officials responsible for the Drenica violence and tightened export restrictions on repressive equipment to Serbia.

Korea Four Party Talks: At the second Four Party plenary in Geneva last week, the North Koreans staked out maximalist demands for a bilateral U.S.- North Korea peace treaty and the withdrawal of U.S. forces from Korea. By session's end, however, faced with U.S. and South Korean rejection, the North Koreans offered to make concessions on these if the U.S. undertook to provide more food aid and lift economic sanctions.

Asia Financial Crisis: While financial markets in Jakarta have recovered somewhat in recent days, the State Department and our embassies in the region and elsewhere are keeping close tabs on the volatile situation. Embassy Bonn reports that the Germans remain deeply concerned about Suharto's willingness to accept needed reforms. Secretary Albright spoke with the Japanese Foreign Minister to urge that the Japanese remain engaged at political as well as technical levels to press needed actions in Jakarta. Under Secretary Eizenstat announced U.S. humanitarian measures for Indonesia. We are concerned about developments in Malaysia where the political standoff between Prime Minister Mahatir and Deputy Prime Minister Anwar limits needed action to attract foreign investment.

Secretary Albright's Schedule:

March 27	Meet with Israeli Defense Minister Mordechai
April 1	Meet with Qatari Foreign Minister His Excellency Hemad bin Jassim.

DEPARTMENT OF DEFENSE

Asian Financial Crisis [Foreign Military Sale (FMS) Stability]: Although the financial crisis is widespread, we find little risk of default on FMS obligations by Australia, Indonesia, Japan, Malaysia, New Zealand, Phillippines, Singapore, and Taiwan.

Damages Due to El Niño: As of March 23, three Air Force installations have suffered significant damage due to the effects of weather. Andersen Air Force Base, Guam and Vandenberg Air Force Base, CA, have suffered \$60M and \$23M damage, respectively, to roads, utilities, and facilities primarily due to rain, wind and mud. Kadena Air Force Base, Japan, is still assessing costs associated with recent damage.

Secretary Cohen's Schedule: On March 24, Secretary Cohen met with Georgian Minister of Defense Nadibaidze and signed a US-Georgia Defense Minister and American Secretary of Defense clearly reflects President's Shevardnadze's desire to strengthen Georgia's bilateral defense relationship with the US. On March 27, Secretary Cohen will meet with Israeli Minister of Defense Mordechai. Topics to be discussed will include Israel's request for a third ARROW battery, Israel's request to develop a hybrid radar for F-16s, and the Middle East Peace Process with focus on a proposal by Israel to withdraw from Southern Lebanon.

UNITED STATES REPRESENTATIVE TO THE UNITED NATIONS

Ambassador Richardson's Travel to Brasil, Geneva: Ambassador Richardson will be traveling to Brasilia, Brasil and Geneva, Switzerland, from March 21 to 26. In Brasil, he will be attending the third "Reunion Plenaria del Circulo de Montevideo," a regional conference on good governance, hosted by President Cardoso. In Geneva, Ambassador Richardson will participate in the 54th Session of the United Nations Human Rights Commission and speak at GLOBE's international confernce, "Policing the Global Economy."

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**NATIONAL
ASSOCIATION of
EVANGELICALS**

National Office
450 Gundersen Drive
Carol Stream, IL 60188
Phone: 630-665-0500
Fax: 630-665-8575
E-mail: NAE@nae.net
Web Site: www.nae.net

Don Argue, Ed.D.
President

April 3, 1998

The Honorable William J. Clinton
President of the United States
The White House
Washington, DC 20500-2000

Dear Mr. President:

Warmest greetings!

On April 26 - 28, the National Association of Evangelicals (NAE) is bringing to Washington a group of church and denominational leaders, including outgoing and incoming chairmen of the board of directors, for special meetings on current national issues. This meeting only takes place every two years and is by invitation only.

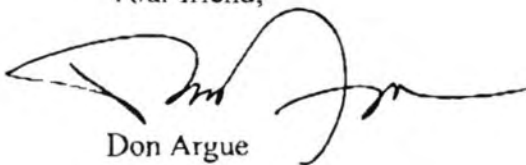
I would like to invite you to a drop-by visit with the group. We will adjust our schedule to fit your schedule, and I'm sure Maureen Shea would be able to arrange the meeting room.

This would provide a unique opportunity for you to visit with some of the top evangelical leaders of the Nation.

I look forward to hearing from you.

Blessings!

Your friend,



Don Argue
President

DA/kf

4/6/98

Send to Scheduling?

Yes ☒
No ☐

NATIONAL ASSOCIATION of EVANGELICALS
450 Gundersen Drive
Carol Stream, IL 60188
Phone: 630.665.0500
Fax: 630.665.8575
e mail: NAE@nae.net

FAX TRANSMITTAL

DATE: April 3, 1998

TO: Betty Currie

FAX: 202.456.6703

FROM: Don Argue

PAGES: - 2 -

RE: The Following Letter to the President

Betty, please see that the President receives this letter of invitation as soon as possible.
Thanks!

Original will _____ will not ** follow

By: regular mail _____ certified mail _____ courier _____ other _____

Notice: This facsimile communication contains information that is intended only for the recipient named and may be confidential. If you are not the intended recipient or an agent responsible for delivering this communication to the intended recipient, you are hereby notified that you have received this facsimile in error, and that any review, dissemination, distribution or copying of this communication is strictly prohibited.

If you have received this communication in error, please notify us immediately by telephone and return the original facsimile to us by mail without retaining any copies.

Thank you.

REVISED

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Revised Final 04/06/98 10:00am

**PRESIDENT WILLIAM J. CLINTON
REMARKS ON THE ASSAULT WEAPONS BAN
THE ROSE GARDEN
April 6, 1998**

Acknowledgments: VPOTUS; AG Reno; Sec. Rubin

Today I want to talk about the progress we've made in our country's fight against crime and this important step we're taking to build on that progress. Five years ago, we dedicated ourselves as an administration to recovering our nation's streets from crime and violence, to providing security for America's families. It required a new determination by communities and government. It also took a new philosophy of law enforcement, based not on tough talk but on tough action. A philosophy based, simply, on what works: community policing, strong anti-gang efforts, targeted deterrence, and smarter, tougher penalties.

What works best is a comprehensive strategy that includes all these elements and puts community policing at its core. We're not only well on our way to putting 100,000 new police officers on the streets--we're ahead of schedule. And, as the Vice President just told us, crime rates are dropping all across our country, dropping to a 25-year low. Violent crime is down. Property crime is down. Murder is down dramatically. From the Crime Bill to the Brady Bill, from the assault weapons ban to the Violence Against Women Act, our strategy is showing remarkable results. Americans should take pride and comfort in our progress.

But statistics can only tell part of the story. The real measure of our progress is whether responsibility and respect for the law are on the rise. The real test of our resolve is whether parents can unlock their front doors with confidence and let their children play in front yards without fear. And the fact remains: there are too many children in harm's way; too many families behind locked doors; and too many guns in the hands of too many criminals.

No statistics can measure the pain, or the brave resilience, of families shattered by gun violence. Some of them are here with us today--people like Dan Gross, Tawanna Matthews, Brian Miller, and Byrl [BERLE] Phillips-Taylor. Byrl's 17-year old son was killed with an AK 47. Tragedies like theirs are a brutal reminder of the task before us. They are a challenge and a call to action--one we as a nation must not ignore.

If we are to move forward, if we are to build a safer and stronger America, then all of us--police and parents, communities and public officials--must work together. We must remain vigilant. That is why, last November, I asked the Treasury Department to conduct the thorough review Secretary Rubin has just presented. And that is why our administration has concluded that the import of assault weapons that use large-capacity military magazines should be banned.

Because, as everyone knows, you don't need an Uzi to go deer hunting. You don't need an AK 47 to go skeet shooting. These are military weapons, weapons of war. They were never meant for a day in the country. And they are certainly not meant for a night on the streets. Today we are making sure they stay off our streets.

Two successive administrations--Democratic and Republican--have acted on this principle. President Bush, in 1989, banned the import of 43 semi-automatic assault rifles. In 1994, this administration banned the domestic manufacture of assault weapons. And in Congress, Senator Dianne Feinstein and the late Congressman Walter Capps led the fight against foreign gun manufacturers who evade the law. But as long as those manufacturers make minor, cosmetic modifications to weapons of war, then our work is not done, and we must act--swiftly and strongly.

Of course, it is our sworn duty to uphold the law. But it is also our moral obligation. It is our obligation to the children and families and law-abiding citizens of our country--an obligation to stop the terrible scourge of gun violence. As parents, we teach our children every day to distinguish right from wrong. As a nation, too, we must remember where to draw that line. Today we are drawing it clearly and indelibly. If we do this, if we follow the recommendations set forth in this report, then we will chart the right course for America--toward a future free of fear and a new century brimming with confidence and great promise.

THE PRESIDENT HAS BEEN
4-6-98

THE WHITE HOUSE
WASHINGTON

April 3, 1998

98 APR 3 PM 5:08

MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA
SYLVIA MATHEWS

FROM: MICHAEL WALDMAN
STEPHANIE STREETT
ANN LEWIS
CRAIG SMITH
JENNIFER PALMIERI

SUBJECT: 1998 COMMENCEMENTS

copied
Podesta
Mathews
Waldman
Streett
Lewis
Smith
Palmieri
COS

At your request, we are forwarding to you proposed themes, locations and dates for the 1998 commencements. Commencement addresses provide a unique opportunity to highlight major new proposals, or discuss provocative subjects in depth. Each of the three recommended speeches would be independently newsworthy; taken together, they deal with America in the new century.

Where another commencement speaker has already been chosen, we have included that information.

I. AMERICA IN THE INFORMATION AGE

This would be a chance for you to talk in sweeping terms about our nation's response to the challenges of the Information Age -- the dynamic impact of new technologies, the new inequalities they can create, and their revolutionary, democratizing potential. This speech could announce a goal of a new national policy to put a computer in the home of every child -- and pledge to use regulatory, tax and other means to achieve that goal in years to come. It could also address issues ranging from computers in the classroom to antitrust to privacy. Finally, it could discuss new opportunities and threats beyond our borders as result of globalization and the spread of information technology.

Recommendation:

June 5, Massachusetts Institute of Technology; Student Population: 9,774
NIH scientist David Hsu, last year's *Time* man-of-the-year, is scheduled to speak at the commencement. (We would recommend that both of you speak.)

Discussed
with: Steve Quinn
for a few days
prior to the
commencement
Hsu

~~Recommendation~~ Recommendation
conclusion

II. NATIONAL SECURITY IN THE 21ST CENTURY

✓ This year, you will be speaking to the U.S. Naval Academy on May 22. You will have returned two days before from your trip to Europe for the Summit of the Eight and the USEU Summit. The NSC recommends either of the following topics:

OK Defense Policy for the 21st Century. This commencement address would focus on bringing America's military into a new era, able to deal not only with traditional threats but also the new threats as well.

Meeting New Threats to America's Security: This commencement address would discuss our strategy for combating a nexus of new threats: the spread of nuclear, chemical, and biological weapons; high tech challenges to our critical infrastructure; and increasingly interconnected rogue states, terrorists, international criminals and drug traffickers.

III. IMMIGRATION AND NEW CITIZENSHIP IN THE 21st CENTURY

OK This commencement address would be an excellent opportunity to talk about the immigration and the requirements of citizenship in an era of increasing diversity. The United States is undergoing the third great wave of immigration; this speech would unambiguously declare that this is a good thing for America, helping to revitalize our cities and enrich our culture in the 21st Century. The speech would challenge all Americans -- native, naturalized, and newly arrived -- to live up to the requirements of citizenship, the common values and shared duties that are at the core of our civil society and civic culture.

✓ Recommendation:

June 13, Portland State University, student population 10,000 -- 10% Asian, 3% Hispanic, 3% African-American. 44% of students are 25 years or older. Secretary Shalala is currently scheduled to speak.

✓ IV. POSSIBLE EDUCATION SPEECH AT A CHARTER SCHOOL

OK We are also looking into the possibility of your speaking at the graduation exercises of a charter school. This probably would not be covered as a commencement speech, per se. Rather, would be an opportunity to do a message event about your education agenda.

OTHER THEMES:

We selected these three topics from a longer list which included the following themes:

The new democracy for the 21st Century. This commencement address would propose new ways to revitalize elections and demand greater citizen participation for the 21st Century. This would seek to move the debate beyond campaign finance reform. Possible policy announcements could include: electoral reforms (e.g., 2 day voting, voting by mail, election day as a holiday, etc.); citizenship education in schools.

Race and service. In your State of the Union address, you said, "Americans have always found their common identity on the forge of common enterprise." This commencement address would discuss the many ways service can bring people together across racial lines -- one of the original ideas of AmeriCorps -- and challenge people to engage in community service. This option is worth doing only if we can organize the private sector, religious and civic organizations to create a "day of service" or some other mechanism.

Corporate accountability in the new economy. The new economy creates new challenges as we continue the effort, begun during the Progressive Era, to assure the accountability of economic power. The speech would declare that our vision of the economy is pro-business, seeing business as the engine of opportunity. But the rise of new industries creates new challenges: privacy protections, antitrust enforcement, globalization, and the need for protection of worker rights and the environment on an international scale, etc. No new policy would be needed.

The opportunity gap. The move toward new technologies, while creating new possibilities for the country, also creates new inequalities -- in skills, in access to technology, in education. This commencement would discuss the impact of new technologies, what our policies have been to improve the skills of the American people. Policy announcements might include new training proposals (this would require an NEC/DPC process).

Work and family. This would discuss the ways society must address the new pressures on work and family. It could unveil a new, annual study on the family.

THE PRESIDENT HAS SEEN

4-6-98

Ambassador Christopher Ashby
US Embassy Montevideo
APO AA 34035

Handwritten:
C. Ashby
US

President Bill Clinton
The White House
1600 Pennsylvania Ave. NW
Washington, D. C. 20500-2000
March 11, 1998

Handwritten:
copied
McLarty
NSC
COS
Bergen

Dear Mr. President;

✓ This afternoon Jim Dobbins notified me that you had decided not to include Uruguay on your upcoming trip to the southern cone. I continue to believe that it would have been a good use of your time and proximity, especially since we were not lengthening the time of your trip. However, I understand that there are many considerations which must go into decisions such as this.

✓ I am attaching a page from a recent cable describing trips to Uruguay this month by the Prime Minister of Italy, the Governor of the Spanish province of Galicia, and the President of Spain. Each came or will come with 30 to 60 of their business leaders, and leave with a large number of new deals. As far as I can determine, the only senior government officials who have been here since 1993 are Mack McLarty and Madeline Albright, who came as the Ambassador to the UN.

✓ In private sector parlance, we are off market in Uruguay. That does not mean we are wrong, but it does mean that many others think we are. We are simply not paying the attention or putting forth the effort of those European nations, and China, who are attempting to become more economically and politically influential.

✓ I bring this to your attention only to encourage you and your staff to consider bringing more assets to bear on this country. Uruguay may be able to make important contributions to our policy in the region and in Latin America as a whole.

Yours truly,

Handwritten signature: Christopher Ashby
Christopher Ashby
Ambassador

B C

UNCLAS

USDOC

MONTEVIDEO 00450

REF: 97 MONTEVIDEO 02903

1. SUMMARY ITALIAN PRIME MINISTER ROMANO PRODI VISITED MONTEVIDEO, MARCH 1-3, AS PART OF A SOUTH AMERICAN TOUR TO STRENGTHEN POLITICAL AND BUSINESS TIES BETWEEN ITALY AND MERCOSUR COUNTRIES. THE TRIP ALSO INCLUDED BRAZIL AND CHILE. THE VISIT IS A FOLLOW UP TO COMMERCIAL MEETINGS HELD IN MONTEVIDEO LAST DECEMBER (REF). PRIVATE AND GOVERNMENT SOURCES HIGHLIGHTED THE IMPORTANCE OF THESE CONTACTS AND THE EFFORTS OF THE EUROPEAN UNION TO APPROACH ITS MERCOSUR COUNTERPARTS. OVER 20 MILLION US DOLLARS IN JOINT VENTURES AND TRADE AGREEMENTS ARE THE INITIAL RESULTS OF THE VISIT. THE PRESIDENT OF THE SPANISH XUNTA DE GALICIA, MANUEL FRAGA IRIBARNE, IS EXPECTED TO TRAVEL TO ARGENTINA, BRASIL, PARAGUAY AND URUGUAY THIS WEEK FOR AN 18 DAY ROUND OF CONTACTS. THE PRESIDENT OF THE SPANISH GOVERNMENT, JOSE MARIA AZNAR, IS EXPECTED TO ARRIVE IN MONTEVIDEO FOR SIMILAR PURPOSES AT THE END OF MARCH. END SUMMARY.
2. ACCOMPANIED BY FOREIGN TRADE MINISTER AUGUSTO FANTOZZI, FOREIGN UNDER SECRETARY PATRIZIA TOIA, AND 60 PROMINENT REPRESENTATIVES, OF THE ITALIAN PRIVATE SECTOR, PRIME MINISTER PRODI DEVELOPED A TIGHT AGENDA IN THE ADMINISTRATIVE CAPITAL OF MERCOSUR. HE WAS DECORATED BY THE URUGUAYAN GOVERNMENT AND RECEIVED THE KEYS OF THE CITY OF MONTEVIDEO FROM THE MAYOR, MARIANO ARANA.
3. DURING A MEETING WITH THE PRESS, PRODI STRESSED THE INTEREST OF THE EUROPEAN UNION AND ITALY IN PARTICULAR IN STRENGTHENING TRADE WITH MERCOSUR. LATIN AMERICA REPRESENTS 34 PERCENT OF ITALY'S FOREIGN INVESTMENT AND BILATERAL TRADE WITH URUGUAY AMOUNTED TO 213 MILLION US DOLLARS IN 1997. HE ALSO STRESSED THE INTEREST OF THE ITALIAN PRIVATE SECTOR IN PARTICIPATING IN MAJOR INFRASTRUCTURE PROJECTS IN URUGUAY. THESE INCLUDE THE ELECTRICAL HIGH VOLTAGE NETWORK CONNECTION WITH BRAZIL, THE BUENOS AIRES-COLONIA BRIDGE, THE NEW INTERNATIONAL AIRPORT AND THE REMODELING OF THE OCEAN PORT OF LA PALOMA IN THE DEPARTMENT OF ROCHA, BORDERING BRAZIL.
4. PRODI AND URUGUAYAN FOREIGN MINISTER DIDIER OPERTTI SIGNED A BILATERAL TREATY, ALREADY RATIFIED BY THE ITALIAN AND URUGUAYAN PARLIAMENTS, PROTECTING BILATERAL INVESTMENT AND AVOIDING TAX DUPLICATION. PRODI ALSO ANNOUNCED HIS GOVERNMENT WOULD SUPPLY 1 MILLION US DOLLARS TO FINISH THE THIRD STAGE OF THE INDUSTRIAL DESIGN TECHNICAL UNIVERSITY, FOUNDED DURING THE FIRST SANGUINETTI ADMINISTRATION (1985-90) WITH ITALIAN FUNDS.

UNCLAS

USDOC

MONTEVIDEO 00450

46-98

Michael Lind

The Party of Hope

Sill B / T. Blumenthal
 W. Waldman / VP /
 Rahm

THE PARTY OF HOPE

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 Blumenthal
 Blinker
 Waldman
 VP
 Emanuel
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V. C. C. C. C. C.
 R. C. C. C. C.

I. The Epic of America

The story of our past holds lessons for us today. That story is the epic of a nation overcoming threats to its independence and its unity to become, not only the leading power in the world, but the laboratory inventing the civilization of the new millenium.

History teaches us that we are enjoying peace and prosperity today because generations of Americans--ordinary citizens, as well as statesmen--succeeded in fulfilling two quests. Those quests were the quest for national unity and the quest for national security.

History teaches us another lesson. In every age, in every generation, we Americans, like many other nations, have been divided into three eternal parties. Those parties are not conventional political parties, like the Democrats, Republicans, Reform Party, Progressives, Whigs and Federalists. Such parties come and go.

The three eternal parties among which we are divided are the Party of Fear, the Party of Fantasy, and the Party of Hope.

The Party of Fear sees risks, but not opportunities. The Party of Fantasy sees opportunities, but not risks. Only the Party of Hope, the party of realistic idealism and pragmatic reform, knows how to seize opportunities while insuring against risks.

II. The Quest for National Unity

The unity of our nation has faced three major kinds of threats--sectional division, economic division and racial division.

The first attempt at overcoming sectional division and creating a federal government, the Articles of Confederation, was a failure. The great statesmen we venerate today as the Founding Fathers--George Washington, Alexander Hamilton, James Madison, James Wilson and many others¹--devised a plan for a stronger federal union--the constitution that we still flourish under today.

In the struggle to forge a nation out of rival sections, the Party of Fear, the Party of Fantasy, and the Party of Hope held different views.

¹Thomas Jefferson was not at the Constitutional Convention.

4-6-98

Michael Lind

The Party of Hope

The Party of Fear was apprehensive that the federal constitution would create a military dictatorship like that of Cromwell or Napoleon. They were wrong.

The Party of Fantasy, optimistic about human nature, believed that little or no government would be necessary in a republic made up of free citizens. They, too, were wrong.

The Party of Hope--whose members included most of the Founding Fathers--were too skeptical about human nature to believe with the Party of Fantasy that the virtue of the American people rendered government unnecessary. At the same time, the great Founders agreed with the Party of Fear that a centralized government could be tyrannical. But the solution of the Party of Hope was not to cripple the government. It was to distribute the necessary powers among the branches of the federal government, which could serve to check one another.

The work of ending the sectional threat to the unity of the nation **did not end with** the adoption of the federal constitution. The great Chief Justice John Marshall ensured that the constitution would be interpreted to provide a foundation for a common national marketplace and an interdependent national community. And President Abraham Lincoln and his generation endured and prevailed in a terrible civil war, to ensure that sectional conflict would not tear our country into a patchwork of pathetic, rival republics and return our continent to its earlier condition as the

arena for rivalries among Old World empires. In 1865, as in 1789, the Party of Hope prevailed.

The threat to the unity of our nation from sectional division was succeeded by a new threat: class division. By the late nineteenth century, the very success of our program for turning a backward agricultural country into the foremost industrial and financial power in the world was creating new problems. National corporations, while contributing to an ever-increasing American standard of living, grew too big and powerful to be controlled by state legislatures. Urban workers, lacking any safety net to fall back on, found themselves threatened by swings in the business cycle. Inequality grew.

Once again, the Parties of Fear, Fantasy and Hope were heard from. The Party of Fear wanted to stop industrial capitalism and preserve an America of small farms and shops. It sought to eliminate the toxic by-products of commercial progress by eliminating commercial progress itself.

The Party of Fantasy claimed that the ills of industrial capitalism would be cured by the magic of the market itself--if only the government got out of the way. The regulation of giant corporations, the passage of worker safety and child labor and social security laws--such reforms, said the Party of Fantasy, would only kill the goose that laid the golden egg.

The Party of Hope included Progressive Republicans like Theodore Roosevelt and Progressive Democrats like Woodrow Wilson. Although they differed in their specific prescriptions, the members of the Party of Hope agreed in rejecting the despair of the Party of Fear and the utopianism of the Party of Fantasy. The Party of Hope saw that the growth of national corporations was a beneficial development. But a new, stronger national government was needed to regulate the new national economy, and to provide a measure of economic security for the working majority.

The Party of Hope triumphed with Franklin Delano Roosevelt. The principles of Roosevelt's New Deal were accepted by Republicans like Dwight D. Eisenhower as well as by presidents like Truman, Kennedy and Johnson who labored to fulfill FDR's unfinished work. Many mistakes were made, and the program of the Progressives, New Dealers and Modern Republicans--especially in the area of health care--remains unfinished. But the threat to national unity of deepening and dangerous division among classes was averted.

The third threat to our unity as a nation has been racial division. **Although the** Civil War ended slavery, it did not end the vicious system of government and private discrimination against black Americans and other nonwhite citizens and immigrants. Only after the threats of sectional disintegration and class warfare were dealt with did we finally try to ensure that the ideals of the American Revolution would be applied to all Americans.

Those who supported the Civil Rights Revolution were divided among the Parties of Fear, Fantasy and Hope.

The Party of Fear was too pessimistic. It claimed that America was such a racist society that integration was not valid as an ideal.

The Party of Fantasy was too optimistic. It believed that the abolition of formal segregation would quickly and painlessly lead to an integrated society.

The Party of Hope was--and is--realistic. It did not doubt that an integrated American society is not only a possible goal, but the best goal. But the Party of Hope does not believe that the work of the Civil Rights Revolution ended with the epochal achievements of the Civil Rights Act and Voting Rights Act.

The first stage--ending formal discrimination--was the easiest, though it was not easy. The second stage--addressing the legacies of slavery and segregation which have trapped some members of our national community in a web of poverty and ignorance and violence--is a project that has only begun. The means that have been used in this second phase of the Civil Rights Revolution, like affirmative action, are controversial, and it may be that there are better methods. But the goal of the continuing Civil Rights Revolution must remain unchanged--an America in which ancestry plays an ever-diminishing role in the distribution of abilities and the access to opportunities.

III. The Quest for National Security

Our nation has not been able to ignore the world beyond, while we struggled with these threats to national unity. The American nation originated as a part of the British Empire, and our War of Independence was part of a larger conflict between Britain and France fought throughout Europe and around the world.

Our quest for national security, like our struggle for national unity, has gone through three phases.

In the first phase, we had to defend our very survival as a nation-state--first, during the War of Independence, and then once more during the War of 1812. The latter was the most perilous foreign war in our history. Before it was over, the British had burned down Washington, D.C., and New England had talked of secession. But we survived, and we proved to the world that we were more than a feeble collection of former colonies--we were a nation determined to hold our own among the powers of the earth.

In the second period of our quest for national security, we annexed and settled the present American homeland from the Atlantic to the Southwest and the Pacific Coast. Many injustices were committed, in our wars with the Native Americans and the

government of Mexico. But if the United States had not grown across the continent, North America would have been divided among colonies and satellites of London, Paris and St. Petersburg^{ev}. With the Monroe Doctrine, enforced by American interventions in this hemisphere, we served notice that North America, including the Caribbean and Central America, must never again be an arena for Old World great-power rivalries.

The third phase of our quest for national security occurred in the twentieth century. The United States, which had stayed out of European conflicts since 1815, intervened to tip the balance against tyrannical empires in three world conflicts--World War I, World War II, and the Cold War. We intervened to shape a balance of power favorable not only to us but to allies who share our values of liberalism and democracy. Thanks to our sacrifices and those of our allies and sympathizers, the world today is not dominated by a fascist or communist superpower--and we are not forced to dwell in an isolated, embattled Fortress America, looking outward with fear--and looking inward with suspicion.

In our quest for national security, as in our search for national unity, we have been divided among the Parties of Fear, Fantasy and Hope.

The Party of Fear has always been isolationist. Its members fear the existence of American armies more than they fear the threat of foreign arms. We will be so corrupted by militarism and empire,

they claim, that it is better to let the world be conquered by dictatorships than for Americans to fight beyond our borders.

Those who mistake all military action for imperialism and all executive authority for dictatorship are sincere, but they are wrong. As our power has grown, so has our freedom. There is no contradiction between being a great power in the world and a democracy at home. We are a liberal democratic great power.

If the Party of Fear is misled by its nightmares, the Party of Fantasy is misled by its dreams. Every time that one global conflict has ended, the Party of Fantasy has announced that the age of war and international rivalry has been succeeded by a never-ending epoch of peace and prosperity. They said this after World War I, and they said it after World War II. Many say it now that the Cold War has ended.

The Party of Fantasy, too, is sincere. And it, too, is mistaken. We may hope that the era of world-shattering great power conflicts is over. But we must arm ourselves against the possibility that the present peace is merely an interlude, between one global power struggle and the next. If the history of this century teaches us anything, it is that all too often we have intervened too little and too late, when a vital region or the world itself is about to fall under the control of a hostile superpower.

The threats we face today should not be exaggerated. Peace really is at hand, and we are steadily and cautiously drawing down our armed forces around the world. But we will not dissolve our alliances, and in some cases we will extend them. What is more, we will remain prepared to intervene again, if we need to, in Europe, Asia or the Middle East, if that is what is required to maintain a balance of power favorable to the liberal and democratic nations.

Our major allies are free and democratic. But some of our allies are neither free nor democratic. Some say that we should have no allies except for liberal democracies. As an aspiration, this may be noble. As a strategy, it is folly. Had we allied ourselves only with liberal democracies in the two world wars and the Cold War, the dominant power on the planet today would be a European or Eurasian empire ruled by a fascist or communist dictatorship. In most cases, we must take our allies as we find them. In the future, as in the past, when it is necessary we will wage war *with* our allies. We will not wage war *against* our allies.

IV. The Challenge of Globalization

Looking back on our history as a nation, we Americans can be proud. Often we have been false to our ideals; but seldom have our ideals themselves been false.

Our many inexcusable failures should not prevent us from recognizing our extraordinary successes. At home, we have emerged from sectional, class and racial conflicts a stronger and more united nation. In foreign affairs, we have preserved our independence for more than two centuries--and in recent generations we have projected our power to help rescue civilization itself from the most murderous tyrannies in human history. The nation that began as a collection of weak, bankrupt, squabbling colonies on the Atlantic Seaboard is not only the dominant power on the earth, but the model for much of mankind.

This is an amazing achievement, in which we rightly take pride.

And yet, while we can be proud of what we have achieved, we cannot afford to be complacent. For we are facing a new challenge--a challenge that equals, if it does not surpass, those faced by the generations that founded this nation and slowly and painfully won its national unity and national security.

The challenge that we face has been given the name globalization. Globalization is a word for many things--the interpenetration of national economies; the intermeshing of military alliances; the formation of the institutions of a growing transnational civil society made possible by telecommunications. What all of the aspects of globalization share in common is this--they resist the conceptual categories that we have inherited from an older, simpler world.

In the past, although domestic policy and foreign policy were never *wholly* distinct, they were *reasonably* distinct. What is more, events proceeded at a slower pace. Our constitutional allocation of powers presupposes both a division between foreign and domestic policy. And it also presupposes enough time to permit deliberation and debate. But today it is increasingly difficult to distinguish foreign policy with domestic effects from domestic policy with foreign repercussions. And there is often little time for prolonged deliberations.

The three parties familiar from our history have responded to these dilemmas in three different ways.

The Party of Fear would rather reject globalization than change our institutions and our concepts. A century ago, when manufacturing was replacing agriculture, many farmers joined the Party of Fear. Today, many manufacturing workers are tempted to join. Tomorrow, the Party of Fear may find new recruits among service **workers and** even professionals threatened by automation and trade.

Downsizing firms by firing people and making the remaining employees work harder and longer is wrong. So is downsizing by shifting work from well-paid American workers to poorly-paid workers abroad, or to non-union labor at home. But downsizing produced by the substitution of efficient machines that can free

human muscle and the human mind benefits the entire national community.

In the interest of national and global progress, we will--we must--tolerate the destruction of certain livelihoods. But in the interest of national and global harmony, we will not--we cannot--tolerate the destruction of standards of living.

The Party of Fantasy, today as in the past, claims that change, in and of itself, is both good and irresistible. As long as democratic government does not try to shape the course of globalization, we can sit back and await the emergence of a world of universal peace and universal prosperity.

The Party of Fear and the Party of Fantasy have two different visions of the future of the world. The Party of Fear, afraid of globalization, prefers a world that is an Anarchy of Nations. Interdependence must be limited, if nations are to be strong enough to protect individuals.

The Party of Fantasy, embracing globalization without hesitation, envisions a world in the form of a Global Market of Individuals. The power of national government must be weakened, if the global market is to be strong enough to enrich individuals.

V. The Global Society of Nations

The Party of Hope rejects both of these visions of the future of America and the world. Unlike the Party of Fear, the Party of Hope seeks to take advantage of the benefits of globalization. Unlike the Party of Fantasy, the Party of Hope believes that the national government must be strong enough to protect individuals against the dangers of globalization.

We do not want an integrated nation in a disintegrating world.
Nor do we want a disintegrating nation in an integrated world.

We want an integrated nation in an integrated world.

The Party of Hope seeks neither the tyranny of a national government that shuts out the world nor the tyranny of an unregulated global market that undermines the nation and endangers the individual. Instead, the Party of Hope supports the establishment of a Global Society of Nations.

A society is looser and more impersonal than a community. A Global Society is not a Global Community. True community can only be found in nations and the groups of civil society--religions, clubs, and other voluntary associations.

Humanity cannot belong to the same community. But the communities among which the human race is divided *can* belong to the same global society.

The logic of defense and the logic of prosperity both lead to the same conclusion. The nation-state, by itself, can neither be secure nor prosperous. On this point, the Party of Hope and the Party of Fantasy agree--and both disagree with the Party of Fear.

But globalization does not mean that the nation-state must wither away. Indeed, a strong and united global society can be created only by the cooperation of strong and united nation-states capable of providing economic security for their individual citizens.

There are those who say that we must choose, between the individual and the nation. Some say that a strong nation is not possible without weak individuals subordinated to the state. And others claim that the national government must be weak and ineffectual, if individuals are to be strong.

The truth is that apart from one another the individual and the nation are weak.

A nation is like a net, made up of many strings. The strings are weak when they are separated, and the net is weak when it is torn. But when the separate strings are connected, the result is a net that is not only flexible but strong.

The flexibility of a net lies in the separation of its strings. The strength of a net lies in the connections between them. It is the same in the case of nations. Without individualism, a nation cannot be flexible. But without unity, it cannot be strong.

What is true of the relationship between the individual and the nation is also true of the relationship between the existing nations and the emerging global society. Unless the nations are sovereign, global society will lack legitimacy. But unless the nations are integrated, global society will not be able to provide its benefits to both nations and individuals.

Today enlightened individualism leads to enlightened nationalism--and enlightened nationalism leads to enlightened globalism.

VI. The Global Articles of Confederation

How can we balance the need for the preservation of national unity and national security with the need for an unprecedented degree of global integration?

Technological and commercial creativity have out-stripped political and constitutional creativity. This happened on a national

Michael Lind

The Party of Hope

scale in the United States and similar industrial countries, a century ago; it is now happening on a global scale, and a merely national response is no longer adequate.

If the challenge of our time were merely political, then we could meet it by devising new institutions of government. If the challenge of our time were merely diplomatic or military, we could meet it by devising new institutions of diplomacy and national security. But the challenge of our time is simultaneously domestic and foreign, national and international.

We have to rethink our approaches to both national unity and national security, and we have to reinvent our international diplomatic and military institutions. And we have to do this rethinking and reinvention in all areas at the same time.

In the new era of globalization, democratic national government is as necessary as ever. The national democracy will continue to be the intermediary, between the individual and the world. But national democracy must be reinvented, in order to fulfill new responsibilities.

In the century that is now coming to an end, the functions of the federal government grew, as the domestic economy became more complex. Now the functions--not necessarily the budget or the personnel--of the federal government must grow, to keep up with

the complexity of the global economy and other aspects of the Global Society of Nations.

To make room for the expansion of government into new areas, we may need to reduce or even eliminate the role of government in other areas. National governments should be like conglomerates that sell off some assets in order to expand in new and promising directions. What is "public" and what is "private" are not fixed and eternal. In the eighteenth century, there were private armies; our own constitution permits "letters of marque and reprisal" for private mercenary soldiers and pirates. In the twentieth century, there has been a debate about whether utilities should be public or private and regulated. There will always be functions that must be exclusively governmental, and others that are best left to the private sector. But the particular mix of public and private will change, as the national community and the larger Global Society of Nations evolve in tandem.

At the same time that we are reinventing the institutions of national democracy, the institutions of cooperation between nations must undergo an even more radical reinvention.

In the age of globalization, it is already clear that new political and constitutional forms have to be invented. The nation-state--even the populous nation-state, like the United States, China and India--is too small, to be self-sufficient with regard to its economy or its defense. The centralized multinational empire, like the former

Soviet Union, had advantages of size and scale and population. But even if the Soviet Union had not been tyrannical, it would have lacked legitimacy in the eyes of its member nations, who sought their own sovereign states.

The new form of organization that is evolving in the world is something bigger than a nation-state but looser than an empire: the voluntary multinational bloc. The European Union is the most important example today.

But we do not need to look to the European Union, to find a model for the Global Society of Nations. We can look to our own American past.

The federal constitution of the United States that we live under today is the second American constitution. The first American constitution was the Articles of Confederation. It was in effect from 1783 (?) to 1789. The Articles of Confederation created a union of the former American colonies that was more than an alliance--but less than a federal nation-state.

The Founding Fathers saw that the American nation would be better off under a federal nation-state than under a loose confederation--and they were right. But our federal constitution cannot be a model for the Global Society of Nations.

The American people in the eighteenth century, although divided by region, religion and race, were--in the words of John Jay in *The Federalist*--"one united people" even before they had one united government. But humankind is divided into hundreds of sovereign states--and thousands of linguistic and ethnic groups.

The American states were willing to surrender their control of defense, commerce, justice and many other sovereign functions to the new federal government that the federal constitution created. But the countries of the world will never voluntarily cede such sovereign prerogatives to a global authority.

Global democracy cannot be achieved by elections to a legislature of the world.

Global administration cannot be achieved by a single government--whether federal or unitary.

Global economic governance cannot be achieved by a single global legislature regulating business and investment and creating a common welfare state.

Global civil rights cannot be enforced by a single planetary authority, capable of sending in troops, the way that the federal government used troops in the Civil War, Reconstruction and the Civil Rights Revolution.

A federal union, then, is not an appropriate model for the emerging Global Society of Nations. But the nations of the earth *can* be thought of as joining together in a loose, voluntary confederation, like the American states under the Articles of Confederation--pooling their resources and rule-making authority for certain limited functions, while retaining their political and military independence.

Let there be no mistake--the Articles of Confederation for the Global Society of Nations will be written. Indeed, those rules are being written now. Global confederation is not a utopian fantasy of the future. It has quietly and informally been occurring for some time.

Every day, national governments are negotiating the Articles of Confederation of the new world civilization. It would be easier to understand this process if it were like the debate which led to the adoption of our own Articles of Confederation--if delegates from the nations of the world met in a congress, hammered out a treaty or constitution, and then went home with a single piece of paper that they could show their constituents, to be ratified or rejected.

But that is not how it works. The Articles of Confederation of the new Global Society of Nations are constantly being ratified and revised, on a piece-meal basis, by different groups of countries. There is no single forum where all of these issues can be debated--instead, there are many forums--the United Nations, the World Trade Organization, NATO, the OECD. Even if there were a single forum, it

would be impossible to write the Articles of Confederation for the World, once and for all. The Articles would be too long and detailed; and before the ink was dry, parts of them would be obsolete.

World politics from now on will resemble a permanent constitutional convention among the nations. For such an on-going global constitutional convention to be democratic, two conditions must be met. Each member government must be answerable to its people; and each member government must have the sovereignty to reject all or parts of the on-going global pact.

In a federal union, the member states usually cannot secede, without the approval of the rest. But in a loose confederation of sovereign nations, countries are free to join or depart as they see fit. By the same token, a member nation is free to enact all, part or none of the globally-negotiated accords as the law of the land.

To say that nations are free to reject the Global Articles of Confederation is not to say that there are no penalties involved in rejection. **Negotiation** between nations, as within nations, requires **give-and-take**.

In a federal union, the central government can pass legislation binding on the entire national community. But in a confederation, there is no common government, and thus no common law, except for the rules that each member state voluntarily accepts.

Naturally, within a global confederation, the countries with the largest and most advanced economies will have a disproportionate share of influence in economic governance, just as the countries with the most powerful militaries will have the greatest say in military governance. But the richest and most powerful countries will have disproportionate influence in the world in any event.

Our goal must be, not the creation of a utopian world government at one stroke, but the gradual thickening of ties between sovereign nations--a process of thickening that will not proceed beyond loose confederation. Eventually, we will reach an appropriate balance between the benefits of international cooperation and the imperatives of national sovereignty. If we go too far, we can reverse course.

Some of us think we have gone too far already. With global integration come new fears---the fear that the other partner in negotiation will get more; the fear that precious national sovereignty is being sacrificed; the fear that remote technocrats or lobbyists for international interests are replacing public servants accountable to a particular national constituency. While these fears are often exaggerated, they draw attention to genuine dilemmas that must be addressed.

The Party of Fear would address these dilemmas by minimizing the integration of Global Society. The Party of Hope sets itself a more difficult task--to devise new institutions and new rules, so that we

Michael Lind

The Party of Hope

can have integration without sacrificing sovereignty, so that the gain of one nation is not another's loss, so that the expansion of free trade areas and alliances do not mean a diminution of democracy.

The parties of Fear and Fantasy both view the nation as a fence. The Party of Fear sees the nation as a protective fence, that keeps the world out. The Party of Fantasy sees the nation as a prison fence, that keeps people trapped inside.

 The Party of Hope sees the nation as a fence with a gate. The gate is closed to invaders, terrorists, criminals, illegal immigrants, and economic predators. The gate is open to allies, tourists, legal immigrants and trading partners. Without the ability to close the gate, the nation would be a crime-ridden slum. But without the ability to open the gate, the nation would be a prison.

VII. The Party of Hope and the Future

If the United States chooses to sit on the sidelines rather than to lead, the process of globalization will not end. Instead, other nations and groups of nations will write the rules for the emerging Global Society--the rules of trade, the rules of transnational civil society, the rules of defense and law enforcement. Other nations will draft the Articles of Confederation for the Global Society of Nations.

Michael Lind

The Party of Hope

But we will not wait to be shaped by the twenty-first century. We will take the leading role in shaping the twenty-first century.

The lesson we have learned from previous failed attempts at international integration--the League of Nations, the World Court--is that international confederation cannot be rushed. If the institutions are created before conditions are ripe, they will fail.

Anyone who claims to have a master plan for a glorious future belongs to the Party of Fantasy, not the Party of Hope.

The fascists and communists had master plans for changing society and the world. They massacred millions on millions of people, in gulags and concentration camps and artificial famines, before the collapse of their insane utopias in war and economic ruin.

Unlike a totalitarian state, a democratic nation does not have a plan. It has a method for arriving at plans. That method is democratic deliberation. Deliberation ensures that decisions are not made too hastily. And democracy ensures that many people are involved in deliberation, so that the whims of a dictator or the mistakes of a party do not lead the community to defeat, destruction and disgrace. The additional precaution of a constitution ensures that, while the policies resulting from deliberation can and must vary over time, the basic procedures for deliberation will stay more or less the same.

The democratic method is not one of "great leaps forward," but of small steps forward. We must go forward in one direction, the direction of progress--but at the same time we must not hesitate to proceed along a better route, or, if we must, to stop or retreat for a while. This is not the method of Hitler or Stalin or Mao or Pol Pot. It is the method of George Washington and Abraham Lincoln and Franklin Roosevelt in our nation, and of the great statesmen in other free and democratic nations.

From the democratic heroes of the past, in our nation and other nations, we cannot learn how to respond to the challenge of our time.

Unlike the Founders, the Progressives, and the Civil Rights Reformers, we cannot solve our problems alone. For the first time since we won our independence from the British Empire, we must work out the details not only of our national security but of much of our domestic life in close and constant collaboration with others in the world.

Although the challenges we face are unprecedented, we can and must turn to the Founders and Unionists, the Progressives and New Dealers, and the Civil Rights reformers, to find, not blueprints for policy and procedure, but examples of courage and wisdom.

The Party of Fantasy, intoxicated with its vision of a utopian future, does not look to the past at all. The Party of Fear, overcome by dread of what the future may hold, looks only to the past to learn

what to do. The one looks away from the future toward the past. The other looks away from the past toward the future.

We of the Party of Hope are different.

We can see the future better because we stand on the summit of the past.

We look to the future, to learn what to seek--we look to the present, to learn what to do--and we look to the past, to learn what to be.

In a world of rapid change, we cannot be bound by inflexible programs, but we must be bound by unalterable principles.

When we look to the past, we behold a mixed record of crime, folly and heroism. The passage of time cannot excuse the crimes of those who went before us, just as it will not excuse our own evil deeds. We can, however, forgive the well-intended follies of our predecessors, if we admire their heroism.

If we strive in a heroic spirit, then the follies that we cannot perceive until too late may likewise be forgiven, by the later generations whom we inspire.

We should be grateful to be alive at this moment. We are a young and dynamic nation in a world that is being reborn.

Sometimes it seems that the great causes and the great adventures are behind us, but nothing could be further from the truth. We are living in the early years of the American republic--and at the very dawn of human history. As we venerate the ancient Hebrews and Greeks and Romans and Chinese for their disproportionate part in shaping the world we have inherited, so people in countries around the world, in the centuries and millenia to come, will look back with admiration on a nation that flourished at the beginning of the third millenium--a nation called the Americans.

In the twentieth century, we Americans led the alliances that saved civilization.

In the twenty-first century, we Americans will lead the alliance that transforms civilization.



~~Phil Caplan / Tim Seaton -~~

Pls give me your advice
on how to respond.

thanks.

Laura Marcus
6-7494

'98 APR 3

TG 2B / J Podesta

we need to check
Run out

BK

Bowles
Podesta
COPICU

1-3-98

LAU KA

Laura - 7/6/98

I think this should be a DoD issue. They have internal meetings to determine if Bussey should be elevated from a Bronze Star to Medal of Honor. It looks compelling to me. Let DoD, with NSC input, should decide Phil

P.S. In fact, DoD must request a statutory exemption if Bussey is deemed eligible. See attached Phil

PM5:27

Mr. President

4-11-48

In 1948 Pres Truman integrated
the Armed Services - It didn't happen until
1950 but he did his Executive Order in 1948

I think we should celebrate 50 yrs this
year and I'd like to talk to you about
Charlie Bussey, who should be recognized
for his heroism during the Korean War
He should have received the Congressional
Metal of Honor -

I'd like to follow up with your
staff

Thanks

Donald Payne

Is he America's greatest soldier?

Why isn't he wearing

the Medal of Honor?



CAPTAIN
COMBAT

Registered WGA

By John B Holway

**THE THREE WARS
OF CHARLIE BUSSEY**

Bussey fought racism in America,
Fascism in Europe,
And Commnism in Korea.

KOREA, JULY 23 1950

On a sweltering afternoon in the Korean mountain town of Yechon, Captain Charles M Bussey may have performed the greatest feat of individual arms since the Roman hero, Horatio, stood on a bridge and single-handedly slew an Etruscan army.

With two machine guns and three enlisted men, Bussey reportedly mowed down 258 North Korean attackers threatening to cut off his men from the rear.

Bussey's unit, the all-black 24th Infantry regiment (25th Division) took Yechon to score the first major U.S. victory in the war following weeks of unrelieved defeats. It made headlines in U.S. papers and was hailed by a resolution in Congress.

Bussey's feat is unparalleled in U.S. military annals.

* In World War I Sergeant Alvin York killed or captured 133 enemy soldiers.

* In the Battle of the Bulge, Sgt Jose Lopez killed about 100 enemy with a machine gun.

* In Italy Lt Audie Murphy killed about 50 enemy single-handedly.

All three won the Congressional Medal of Honor.

Bussey was denied a CMH because, his commanding officer said, he was black.



THE ARMY AIR FORCE

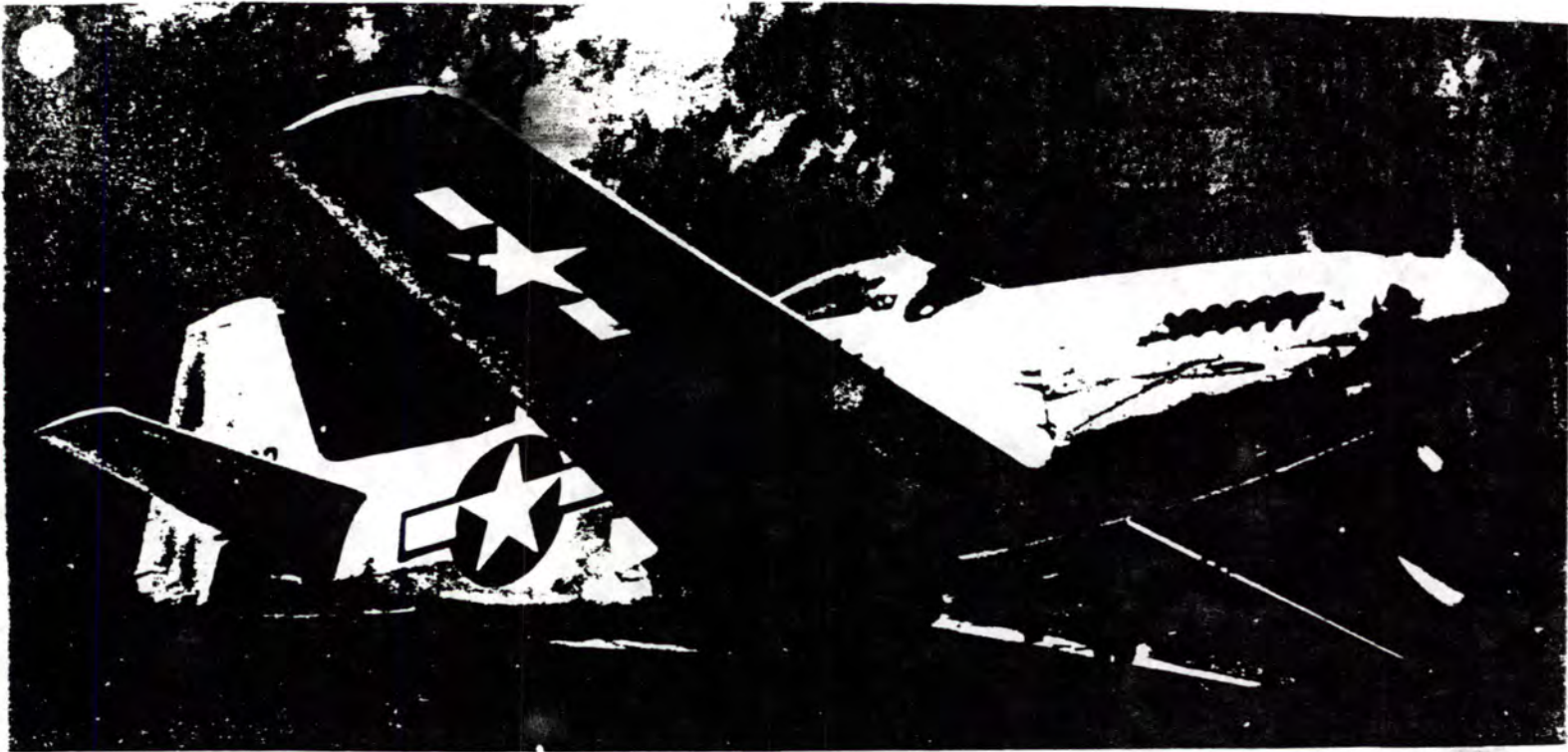
We took advanced training at Selfridge Field, Michigan. We had a post commander whose job was not to give us training but to see that we didn't use the Officers' Club or swimming pool.

When we got to Camp Patrick Henry, Virginia, our embarkation point, the whole camp was just riddled with signs: "Whites Only." Directly across the street from our area there was a movie that said "White Troops Only," and the PX said "White Troops Only." The nearest PX for Negroes was quite a ways away.

I got a belly full of it. I just said, "The hell with this crap. I'll raise some troops, and we'll all go to the movie." When the troops showed up, I pulled the sign off the building, and we all bought tickets.

When we left the movie, a few fistfights broke out between the black and white soldiers. Later on, however, it got more serious. They had issued us guns and ammunition that day, and the guys started firing at random up in the air and caused quite a bit of consternation.

The next day they came through the area taking all the signs down.



P-51 Mustang

THE RED TAILS

In Italy we became totally and completely dedicated to protecting bombers. We flew 15,000 sorties, and we never lost a bomber to enemy fighters. No other fighter group in the world can claim that. Nobody! I'm very proud to have been there.

On one mission I was with a formation of four ships, and I saw a flight of German aircraft, maybe five or six, flying in a continuous vertical loop. Every time one got his nose pointed up, a bomber blew up right in front of him. We just nuzzled right into their flight, and every time one of them got his nose up, we blew him out of the sky.

On the way home, somewhere in the Swiss Alps, I saw a German ship and got on him and put a couple of bursts into him. He started to dive, and I followed him, firing every time I was in range and in line. He finally hit the field and blew.

THE ARMY ENGINEERS

When the war was over, I left the Service to go back to school, but when I finished, jobs were impossible to find, so I went back to the Service. I had joined the Army National Guard, so I ended up in the Army Engineers.

In March 1950 I was in Japan as commanding officer of the all-black 77th engineer combat company, in the black 24th Infantry Regiment of the 25th Division. That was two years after President Truman signed the order supposedly integrating the Armed Forces, but there had been practically no integration in the Army. I was in Jim Crow outfits as late as 1956.

I was young and had a lot of energy, and we were by far the most outstanding engineer outfit in this country, if not in the world. At one time we were the most decorated unit in the Korean war.

On the 25th of June war broke out in Korea; on the 10th of July my unit was sent over.



Time magazine printed the following report:

"U.S. Negro troops last week scored the first sizeable American ground victory of the Korean war, and incidentally provided an answer to the Communist charge that Americans were warring against the 'colored' races of Asia....

"The Negro GIs moved out under a barrage of mortar and artillery fire in the afternoon. They advanced steadily throughout the night, finally entered the burning town at dawn the next day."

Washington Post

FINAL

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WASHINGTON, SATURDAY, JULY 22, 1950

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Yanks Take Riddled Yongdok And Yechon; Ships Kill 400; Hill Southeast of Taejon Held

Step Proposed

Ruhr Plants May Make Arms Parts

 By Ferdinand Kuhn
 Post Reporter

Hitler's former arsenal in the Ruhr may be put to work soon to make parts of weapons for the defense of western Europe.

The question of using factories in the Ruhr and elsewhere in western Germany will be discussed at next week's meeting of the North Atlantic Council deputies in London.

So far there is no thought of asking the Germans to turn out complete weapons, such as tanks or heavy artillery, or explosives.

But most authorities here believe there could be no possible harm, and probably a great deal of good, in letting German workmen turn out the components of defensive weapons which all of western Europe desperately needs.

Another subject for discussion at the London talks, which start See ARMS, Page 3, Column 4

President Orders Cut In Civil Works

 By Edward T. Follard
 Post Reporter

President Truman yesterday directed Federal departments and agencies to shave, curtail or slow down civil public works "as far as practical" to help the Nation's arms-expansion program.

He also ordered them to tighten Federal credit programs and to cut down on the purchase of supplies such as motor vehicles and typewriters.

The directive, which went to the chiefs of 14 departments and agencies, was in line with Mr. Truman's historic message to Congress on Wednesday, when he said that he would order a review of ports and Government programs so as to lessen the demand upon commodities, raw materials, manpower and facilities in competition with those needed for national defense.

He said in that message: "The Government, as well as the National Guard divisions are not

Guard, Army Marines Pack Their Tools...

 By John G. Norris
 Post Reporter

The Army last night began calling National Guard and Organized Reserve units and said some probably will be sent to Korea to help mount an American offensive.

All Guard forces now slated for mobilization are "supporting" combat and service forces not a part of the 27 militia divisions. The reserve groups undoubtedly will come solely from among the 686 "Class A" units, officials said.

These orders went out as Congress sped legislation to "freeze" in service some 372,000 enlisted men whose terms expire during the next year. Both the Senate and House Armed Services Committees approved the bill and later the Senate passed it by unanimous consent. The House plans action Tuesday.

Both groups also rushed legislation to the floor to remove the present 2,005,822 manpower ceiling on the armed forces. Pentagon officials indicated that plans call for putting another 600,000 and 700,000 men in uniform by next June 30—raising the total personnel well above 2,100,000.

Port Safety Bill Passed

The Senate also passed legislation empowering President Truman to invoke wartime security measures along waterfronts—a move aimed particularly at preventing foreign freighters from sneaking atomic bombs or biological weapons into American ports.

Senator Warren G. Magnuson (D., Wash.), who brought up the bill, said it would "help clean out subversive elements on the waterfront" about yesterday to prepare to go into active duty at Camp Lejeune, costly defeat since their debut in the Korean war.

The notices were going out from the Fifth Army at 3d and C. Taejon was a strategic prize and his, now, where the outfit's new commanding officer, Maj. David F. Condon, spent his first day of



FOR JOB—Men of the Fifth Marines were busy packing equipment at their armory at 3d and C. Ais. nw. as the Marines received word they had 10 days to get ready to go into active service. Corp. Morgan S. Gasman (foreground) and Sgt. Eugene R. Callahan start packing machineguns.

D. C. Marine Group Ordered To Lejeune

Officers and men of Washington's Fifth Infantry Battalion, Marine Reserve, were being notified by phone and special delivery Saturday, July 22, that they had 10 days to get ready to go into active duty at Camp Lejeune, costly defeat since their debut in the Korean war.

The notices were going out from the Fifth Army at 3d and C. Taejon was a strategic prize and his, now, where the outfit's new commanding officer, Maj. David F. Condon, spent his first day of

Negro Troops Win 16-Hr. Fight For Road Center; Infiltrating Cut

BULLETIN

Tokyo (Saturday), July 22 (AP). General MacArthur said today that American forces had made further withdrawals generally southeast of fallen Taejon.

A communiqué said South Korean troops on the American front also dropped back under attack from the Second North Korean Division.

MacArthur reported American and South Korean troops on the western front had completed a "planned withdrawal to better lines of natural defense."

Tokyo (Saturday), July 22 (AP).—Fresh United States troops in two separate assaults have seized two Communist-held communication centers on the Korean front, official announcements said today.

United States troops under cover of a fierce naval bombardment Friday captured the ruined east coast city of Yongdok, a naval communiqué said.

Yongdok is 25 miles north of where the United States First Cavalry Division landed earlier this week in the first amphibious operation of the war.

United States Negro troops of the Twenty-fifth Infantry Division, also undergoing a baptism of fire, seized the rail and highway city of Yechon on the same day, a field dispatch said. Yechon is 60 air miles northeast of the fallen bastion of Taejon.

Yongdok, the old coast communication hub, was reported "destroyed" by fire from a British cruiser and a United States cruiser on Wednesday. It is located 60 miles north of the big United States supply port of Pusan.

A Navy communiqué said the important east coast town was taken after a ground attack by American and South Korean forces which began at 5:45 a. m. Korean Daylight Time.

Naval units which had destroyed Yongdok by gunfire the previous day maintained a steady and heavy barrage 1,000 yards ahead of the advancing troops.

Taejon Called Worst Defeat Of Korea War

 By Homer Bigart
 NYT News Service

With American Forces in Korea. American forces lost Taejon Thursday night about yesterday to prepare to go into active duty at Camp Lejeune, costly defeat since their debut in the Korean war.

It was humiliating because, first, Taejon was a strategic prize and the outfit's new commanding officer, Maj. David F. Condon, spent his first day of

Yechon Recaptured by Yanks

cruiser at dawn signalled the start of the ground advance. Shore observers directed naval gunfire as it stepped up the coast in advance of the infantrymen.

Shore observers reported that machineguns and North Korean troops were "completely stopped by the naval gunfire," the communique said.

Naval units had maintained intense bombardment of the Yongdok area for a week preceding the ground assault.

The communique said headquarters of the Twenty-fifth Division Artillery had messaged Admiral Higgins that "naval activity along this coast is believed responsible for stopping full scale offensive."

American cruiser fire, Thursday destroyed a radio station just north of Yongdok and "by actual count of a shore observer" killed 40 North Koreans. The cruiser fired 38 rounds.

The battered Twenty-fourth Division, which had been absorbing the overpowering shock of North Korean tanks and foot soldiers in great numbers since July 3, dug into hill positions southeast of Taejon.

Unreported since abandonment of Taejon was the Twenty-fourth's commander, Maj. Gen. William F. Dean.

The Twenty-fourth gave up the blazing rail city Thursday midnight after exacting a heavy price in enemy tanks with new 3.5-inch bazooka rocket launchers. At least a dozen tanks—some disguised with American markings for sneak attacks—were knocked out in the planned getaway to prepared positions four miles and more below Taejon on the rail and highway line of supply up from Pusan.

The Twenty-fourth expected the North Koreans to exploit their capture of Taejon with a quick following down the railway and roads, but the enemy did not come on in force after harassing the American escape with roadblock crossfire.

Losses of tanks and the prospect of losing more may account for the North Korean delay.

Enemy patrols were reported trying to get behind the new United States hill positions and artillery, but the Army put out mysterious hints that it has new means of coping with infiltration tactics.

The Negroes' 16-hour battle ended after dawn Friday, United States' casualties were reported light. Enemy losses could not be estimated.

Yechon had changed hands sev-

eral times in the Communist effort to drive through South Korea. Troops to cut the communications line behind the Twenty-fourth's shock-absorber forces around Taejon.

The pullback from Taejon and the deployment of the Twenty-fifth and the mechanized First Cavalry somewhere on the eastern end of the line apparently are establishing the pattern for the hold-on campaign in southeast Korea.

That will be the staging area for counter offensives and part of the aerial attrition campaign against the North Koreans while that counter offensive power is laboriously built up.

Yechon is cupped in a mountain pass. Two Negro companies used a flanking move—a favorite Red tactic—under cover of artillery and mortar fire while others logged it across rice paddies and stalked among the houses, firing as they went. The battle went on overnight.

The 24th Division southeast of Taejon was reported dug in on positions favorable to artillery defense in hills above the rice fields and blocking the way of the Red army advance. The North Koreans have shown reluctance to step ahead without their armor and now it is reduced under the new bazooka attacks.

Headquarters of the Eighth Army commander, Lieut. Gen. Walton H. Walker, said anti-infiltration tactics have been devised and they were working. Details were not disclosed.

Walker was reported to be "unable to conceal his pleasure with the results achieved."

Munitions Chiefs Of U. S., Canada To Discuss Output

Ottawa, July 21 (AP).—Top munitions experts from Canada and the United States will meet here August 8 to consider a joint economic effort to produce munitions and supplies in the event of a third world war, it was learned today.

These officials include Harry J. Carmichael and Sydney D. Pierce on the Canadian side and W. Stuart Symington and Hubert E. Howard on the American. They are expected to prepare recommendations to both countries on means of harnessing the economies of the two nations to produce war equipment.

the induction or registration limit of 28.

Col. Harland C. Parks, chief of personnel planning for the Forces, said the USAF may ask Congress for authority to some of its World War veterans if enough qualified cannot be obtained from the reserves.

May Change Service Limit

At present all former G.I.s had 90 days service before or one year after the shoot are exempt. Officials said a change here is asked, it simply changing these limits a blanket lifting of the exemption under present plans.

Byers said legislation will be asked soon for some changes, but indicate would be minor. One proposal is elimination of the term of Guardsmen and Reservists who enlisted before they were 18 years old.

An Army spokesman said type of Guard and Reserve now slated for call largely porting forces needed for up in the rear areas of Korea that an offensive can be led and the special combat companies and battalions which are to divisions at the front.

They include tank battalions, anti-aircraft, so-called "cavalry" (heavy units), engineers, railroad, port and warehouse units, laundry and "de-companies, etc.

He said all units will have some additional training "beefed" up to war-time transfers of either train or recruits before going. All units called will be given 30 days' notice before having port.

Text of the Army announcement:

"The Department of the Army is in the process of preparing non-divisional elements both National Guard and Reserve to active duty as the need and facilities for their training can be provided. The immediate present contemplated that units of a division will be called. They will be alerted approximately prior to movement so as to members thereof time to their personal affairs.

"In the meantime, the Army is asking for immediate active service of individuals and men in certain groups. These individuals given up to 30 days to prepare for service.

The bill "freezing" military service will permit the extension of all enlistments.

Taejon Held Worst Defeat of War

FIREFIGHT AT YECHON

On July 23 one of my platoons was supporting an infantry battalion in Yechon, when we received our first mail, I took it to my platoon, just my driver and I -- I had no idea the country was as hostile as it was, or I wouldn't have been out there by myself.

There was a big firefight going on in the village. Some troops who had been left as rear guard told me my platoon was spear-heading the attack, which made me unhappy, because engineers weren't supposed to "spearhead" the infantry.

I climbed a hill, and below me was a series of rice paddies which ran the length of a small valley. I saw a column of about 200-300 men three-quarters of a mile away, coming out of a defilade arroyo, dressed in white like Korean farmers. I didn't know whether they were farmers or soldiers, but they moved like soldiers. It looked like they were heading for a narrow levee. I could have gotten in my jeep and driven away, but if they cut the levee, there would be no getting out for our troops.

I went back down the hill and pressed into service three enlisted men from the rear guard and placed two machine guns on the hill. I put two men on the .30-calibre water-cooled light machine gun; I had an air-cooled .50 calibre heavy machine gun, and I got one man to feed me ammunition.

I let the column move in close and put a burst over their heads. Then someone blew a whistle, and things started happening! They started to move toward my hill, and suddenly I wished I wasn't there. I was scared shitless, absolutely shitless! I had no business facing that many people, whether out of stupidity, or any other reason. I kept thinking, "God damn it! Why didn't you mind your own business!" I didn't think I was going to get out of that thing. But there was no place to run to and nothing to do except fight.

I had a tremendous advantage by virtue of being up on a hill, and I had fairly good cover, while they were down in a rice paddy with almost no protection. But they had a mortar behind them, and it put several bursts on us. I got hit early with a fragment in my wrist and another in my cheek. They bled a little, but a small wound was just not important at that time.

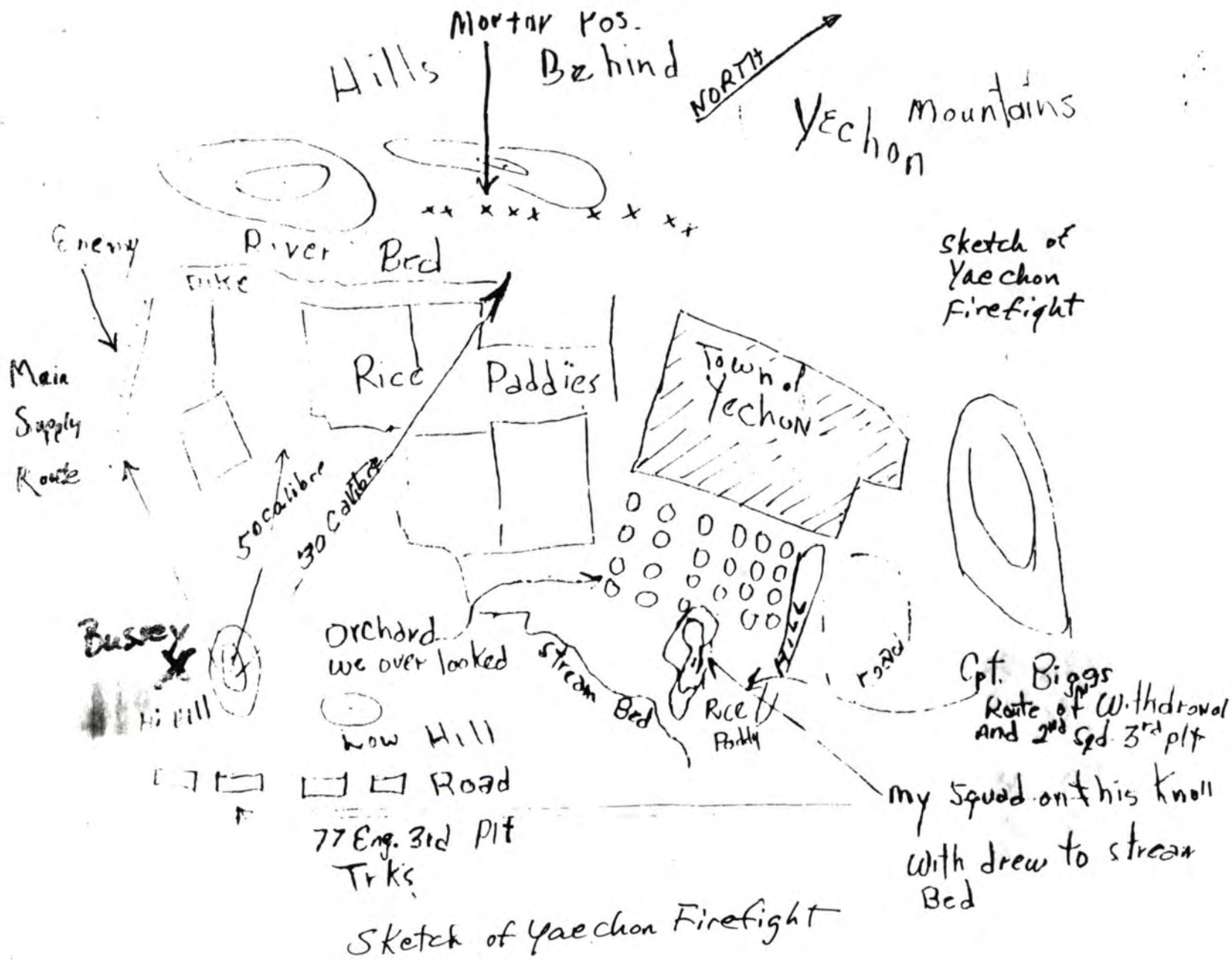
The mortar also killed one of my kids on the .30 and wounded the other. My big gun got hot and stopped firing. That's when I was in real trouble. I didn't think the .30 could do the job, but there was no other way, so I went down and manned the .30 and kept the fire up.

It's very difficult to estimate time in a firefight. Time is out of perspective with reality. It must have been seven to ten minutes, but it seemed very prolonged, because things were happening so fast.

I shot them up pretty effectively and continued to fire until they were all still. I took troops down, and we made a body count -- 258 bodies. It was a grisly business.

"Thou shalt not kill." That troubled me at the time. It's still not a thing I have fully resolved. I wasn't convinced that this method of resolving conflict was right. I still am not.

The 25th Division commander, General Kean, came up to our bivouac and passed out some ribbons and told me the Division was going to recommend me for the Congressional Medal of Honor. He said as soon as the paperwork was in, he'd forward it.



Bussey returned the next day with a bulldozer, scooped out a mass grave, and covered the bodies. The scene was photographed by Sgt Alfonso Spencer.



The mass grave at Yechon. A. Spencer/77th ECC

1
2 STATE OF CALIFORNIA

3 COUNTY OF Santa Clara

ss.

4 I, LAVAUGHN E. FIELDS, am a retired First Sergeant (E-8) in
5 the United States Army.

6 On or about July 20, 1950, I was serving as a corporal and
7 squad leader assigned to the 3rd Platoon, 77th Engineer Combat
8 Company, 25th Infantry Division, Korean Combat Zone. I reported
9 to Sergeant First Class Collins A. Whittaker, platoon sergeant
10 and 2nd Lieutenant Chester J. Lenon, platoon leader.

11 Lt. Lenon briefed us concerning our mission. We were to
12 take two villages outside of Yechon and then assist the 3rd
13 Battalion, 24th U.S. Infantry Regiment, in taking Yechon itself.
14 We encountered little, if any, resistance in taking the two
15 villages. But we subsequently encountered heavy resistance in
16 attempting to take Yechon.

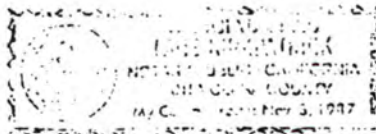
17 During the latter engagement, while temporarily occupying a
18 high knoll overlooking an orchard and some portions of Yechon and
19 while awaiting orders to continue advancing my squad, I heard a
20 heavy machine gun open fire to my left. I looked toward the
21 sound of firing and observed what I took to be enemy soldiers,
22 dressed in white, coming under fire from the machine gun. The
23 enemy soldiers were scattering for cover. To my far left enemy
24 soldiers were moving toward the road some 500 yards to our rear.
25 The machine gunner picked them up and began firing on them. I
26 saw some 10 to 15 enemy fall to the ground. The gunner was our
27 engineer company commander, 1st Lieutenant Charles M. Bussey.
28

1 Lieutenant Bussey was still firing when the enemy opened
2 fire on his position with mortars. At this time we ourselves
3 came under intense mortar fire. One of my men, Private First
4 Class Curtis Donald Womack, was wounded in the head.

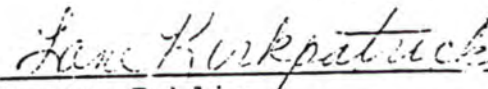
5 We did not advance further. My squad continued in action
6 until I was ordered to disengage by Captain Biggs, commanding
7 officer, L Company, 24th Infantry.

8
9 
10 LAVAUGHN E. FIELDS

11 Subscribed and sworn to before me on June 25, 1984,
12 1984.



15
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19
20
21
22
23
24
25
26
27
28


Notary Public

1
2 STATE OF CALIFORNIA)

) ss.

3 COUNTY OF SAN MATEO)

4
5 I, ROSCOE DUDLEY, am a retired First Sergeant (E-8) in the
6 United States Army.

7 I was the first sergeant, 77th Engineer Combat Company, 25th
8 Infantry Division, during the period that First Lieutenant and
9 then Captain Charles M. Bussey served as commanding officer.
10 Although I was not a participant in nor an eye-witness to the
11 battle of Yechon, Korea on or about July 20, 1950, I learned of
12 Lieutenant Bussey's actions through a number of interviews I
13 conducted with soldiers in the company who participated in the
14 battle.

15 I am informed and believe that Lieutenant Bussey came on the
16 scene of the battle after the fight was already in progress. He
17 observed a large number of enemy soldiers attempting to outflank
18 the assaulting reinforced 3rd Battalion, 24th U.S. Infantry
19 Regiment. He subsequently manned a .50 caliber machine gun and
20 commanded the firing of a nearby .30 caliber machine gun.
21 Approximately 258 North Koreans were killed. Enemy mortar fire
22 killed one .30 caliber machine gunner and wounded another.

23 Lieutenant Bussey came to the aid of the reinforced infantry
24 battalion, at the risk of his own life, with an overwhelmingly
25 successful result. I am convinced that Lieutenant Bussey's
26 actions warrant the award of the Congressional Medal of Honor.

27 I personally prepared a recommendation that the
28 Congressional Medal of Honor be awarded to Lieutenant Bussey. I

1 preparing this recommendation, I interviewed Lieutenant Bussey
2 jeep driver, Private First Class Albert Neal, and the platoon
3 sergeant, Sergeant First Class Collins A. Whittaker. Private
4 Neal was an eyewitness to the incident. I also interviewed
5 several other soldiers who were eyewitnesses, but I no longer
6 recall the names of those individuals.

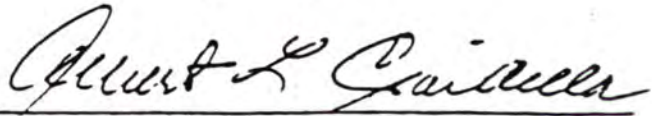
7 I was assisted in preparing the recommendation by Corporal
8 Harvey, the company clerk. Two maps were prepared by Master
9 Sergeant Elliott Green. The original recommendation included m
10 narrative description of the event, maps and eyewitnesses'
11 statements and was delivered by company messenger within 10 day
12 following the actual battle. The packet was submitted to
13 Headquarters, 24th U.S. Infantry Regiment.

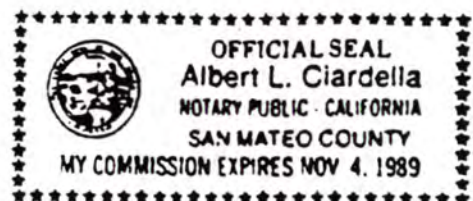
14 I remember having the impression that higher commanders we:
15 concurring in my original recommendation. I do not recall being
16 present during a subsequent award ceremony involving Major
17 General William B. Kean.

18
19
20 
ROSCOE DUDLEY

21 Subscribed and sworn to before me on July 15, 1986.

22 ~~1984.~~

23
24 
Notary Public



THE LIVING TOMB

One week later, on the 30th of July, we were bivouacked in a school. I had been issued about 10,000 anti-personnel mines, and I stupidly piled them up into a small mountain in the school yard. Right at midnight artillery started coming in. I started yelling and getting the troops out of the building. When the last man had gotten out, just as I went through the gate, a round blew up the mines and blew a 12-foot mud and rock wall over on top of me. It was my tomb.

My head was under three or four feet of rubble, but I could breathe. I was in a sitting position, with my head bent over, and some rocks were pinching me. I exhausted myself trying to get out, but the weight of the rubble was too much. I had to sit there completely penned in all day. It was the most devastating experience of my life.

I was cold. I was hungry. Never in my life have I been so thirsty. An insect crawled into my inner ear; it felt as big as a turtle, but I was powerless to scratch. My eyes and nose were filled with dust. I was hours overdue for urination. I ached in every fiber. I lost consciousness.

When I came to, my sphincter had failed. One thigh, hand, and arm were wet, and it felt as if 10,000 ants were crawling over them. I recited the 91st Psalm, and the 23rd: "The Lord is my shepherd." I had a lot of religious -- and blasphemous -- thoughts. "Why me, Lord?" And a towering voice chilled me: "Why not you? Why not you?"

At about 4:30 in the afternoon, the sun warmed the rubble, and I began to hear artillery in the distance and even small arms fire. Finally, I could hear speech very faintly. I yelled and a voice said, "Heh, it sounds like one of the mothafuckas is under that stuff" -- that's when I knew they weren't North Koreans -- "take that rubble off, and I'll shoot him." They dug down to my helmet, and I heard someone yell, "Heh, this is a captain!"

They pulled me out and stretched me on the ground. Few men have ever come back from their tombs, but by five or six o'clock I was ready to go again. There was work to be done. My faith was restored, and I had a reunion with God.

But for 15 or 20 years, any time I was on my back, almost asleep, I felt millions of oriental soldiers double-timing over my grave, until I'd wake up in the middle of the night screaming.

BEHIND ENEMY LINES

Ten days later Bussey learned that eight of his men, led by Lt Chet Lenon, now of Alexandria VA, had been trapped 20 miles behind enemy lines. One man crawled back to friendly lines and reported three were dead and five wounded and without food or water.

I asked regiment for permission to go get these people. They said, "Hell, no, you can't do that, there are too many enemy."

But I asked for volunteers, and every man in the company raised his hand. I chose 150 and set out in jeeps. I knew I was sticking my neck out a mile.

After seven or eight hours marching in the August heat, we began to smell the odor of dead bodies decomposing and found the survivors. We gave them chocolate bars, dressed their wounds, buried the dead, put the survivors on stretchers, and began the trip back. Colonel Roberts was pacing up and down in front of the company command post.

"Did you lose any men?" he barked.

"No sir."

"Did you find Lieutenant Lenon?"

"Right here, sir," Lenon replied.

"Good," Roberts said, and walked away.

Both Bussey and Lenon were put in for the Distinguished Service Cross, the nation's second highest medal. Lenon eventually received a Silver Star. Bussey got a Bronze Star.

THE MEDAL OF HONOR

Three different battalion commanders sat on my Medal of Honor. Months went by, and finally, the last commander, John Corley, told me, "Well, I thought I should downgrade this thing" to a Silver Star, the Army's third highest medal. He changed "258" enemy killed to "numerous" enemy. He was a West Pointer and a drinking 'friend' of mine, so I asked him why.

He said, "I belong to a group who believe it's our responsibility to keep Negroes in their place, and the most effective way is to deny them leadership. Then there's never any threat to anyone. If the medal was posthumous, no problem. Or if you were an inarticulate enlisted man, I would have no objection. But being who you are, you'd be out encouraging Negroes to do the things you do." Without leadership, Negroes were harmless, he said, but with leaders they could be a threat of some kind. "Our country can't afford this, and that's my considered opinion."

HEADQUARTERS 25TH INFANTRY DIVISION
APO 25

GENERAL ORDERS
NUMBER 324

12 November 1950

AWARD OF THE SILVER STAR. - By direction of the President, under the provisions of the Act of Congress approved 9 July 1918 (WD Bul 43 1918) and pursuant to authority in AR 600-45, the Silver Star for gallantry in action is awarded to the following-named officer:

Captain (then First Lieutenant) CHARLES M. BUSSEY, OSC4548, Corps of Engineers, 77th Engineer Combat Company, United States Army. Observing that a rifle company in a small village near Iechon, Korea was being subjected to severe mortar and machine gun fire from enemy forces occupying high ground nearby, Captain Bussey maneuvered a squad equipped with two 50 calibre machine guns to command position and manning one of the machine guns, directed withering fire on the enemy position. When friendly heavy mortars registered on the enemy position and the enemy soldiers attempted to flee, Captain Bussey destroyed them with the intense fire of his squad. By his conspicuous courage and outstanding leadership, Captain Bussey was instrumental in the destruction of numerous enemy and the relief of a beleaguered unit. His courageous actions are in keeping with the highest traditions of the military service. Entered the military service from California.

BY COMMAND OF MAJOR GENERAL KEAN:

OFFICER:

JOHN W. CHILES
Colonel, GSC
Chief of Staff

/s/ G. W. MASTER
G. W. MASTER
Lt Colonel, AGC
Adjutant General

A TRUE COPY

Paul D. Wells

PAUL D WELLS
1st Lt, Infantry
Exec Off, 77th Engr C Co

THE ARMY'S ACCOUNT

For almost 50 years Captain David Carlisle (West Point 1950) has prodded the Army to reopen Bussey's case. Several witnesses have died, some only weeks before investigators arrived. But Carlisle tracked down three witnesses:

- * Sgt Lavaugn Fields, now in San Jose CA, signed an affidavit placing Bussey on the hill and firing his machine guns.

- * First sergeant Roscoe Dudley, since deceased, interviewed other eye-witnesses, typed the Medal of Honor recommendation, and forwarded it to battalion headquarters. That paperwork has been destroyed or disappeared.

- * Sgt Alfonzo Spencer, now living in Capital Heights, MD, identified a photo of bodies lined up while Korean civilians looked on as the one he had taken, "or one just like it."

Investigators accompanied Bussey to Yechon, where he pointed out old landmarks, but they found no mass grave. Charlie says it has been paved over for a factory parking lot.

He was told, "No bodies, no Medal."

The Army's official history, From the Naktong to the Yalu, by Roy Appleman, didn't mention Bussey at all. The Yechon operation was dismissed with a quote from a white colonel who arrived the next day and said he saw no evidence of a battle.

African-Americans protested this and other allegedly biased accounts. At last the Army agreed to put out a new history, by three white historians, Black Soldiers, White Army. But black historians are still unhappy.

The authors placed Bussey on the hill and said machine gun fire was heard from the direction of the hill. It does not mention the official communique from the Far East Command. Nor does it say Bussey had received a Silver Star. And it doesn't quote the eye-witnesses.

The authors told John B Holway (Colonel, infantry, ret.), that Bussey made the story up. They said the photograph was not of Yechon, but of another mass grave, although they didn't know which one. They said it came originally from another unit history, but were unable to find it.

In summary:

There is evidence that Bussey did do what he says.

There is no evidence that he didn't.

Charles Bussey's post-military career included employment as a senior construction engineer in Alaska and Saudi Arabia. For 13 years, he lived in Fairbanks, Alaska, where he taught at a community college and was a general contractor. Today residing in Los Angeles, he spends much of his time writing, teaching part-time in the public school system, and lecturing on the Middle East. He has four children and four grandchildren.



I'm not bitter, but I would have more respect for the American system if there were equity for those who fought and were willing to die for our country. Still I deeply love the U.S. Army, and I am proud to be an American. When I hear our national anthem, I can feel the hair rise on my spine, and goose pimples cover my arms.

Charles M Bussey
Box 878
Sun City CA 92381
(909) 679-2736

Check into memo

MEDAL OF HONOR

The Medal of Honor was originally established by Acts of Congress on December 21, 1861, and July 12, 1862, and amended by further Acts on March 3, 1863, July 9, 1918, July 25, 1963, and February 10, 1996 (10 U.S.C. sections 3741, 3744, 3745, 3752 (Army), 6241, 6248, 6249, 6250 (Navy and Marine Corps), 8741, 8744, 8745, 8752 (Air Force), and 14 U.S.C. sections 491, 496, 497, 498, 499 (Coast Guard)). It is the highest military award for bravery that can be given to members of the Armed Forces of the United States.

The President may award, and present in the name of the Congress, a medal of honor of appropriate design, with ribbons and appurtenances, to a person who, while a member of the Armed Forces, distinguishes himself conspicuously by gallantry and intrepidity at the risk of his life above and beyond the call of duty -

- (1) while engaged in an action against any enemy of the United States;
- (2) while engaged in military operations involving conflict with an opposing foreign force;
- (3) while serving with friendly foreign forces engaged in an armed conflict against an opposing armed force in which the United States is not a belligerent party.

Each branch of the Armed Forces has set up guidelines and regulations regarding the awarding of the Medal. The deed performed must have been one of personal bravery or self-sacrifice so conspicuous as to clearly distinguish the individual above his/her comrades and must have involved risk of life. Incontestable proof of the performance of service exacted and each recommendation for award of this decoration is considered on the standard of extraordinary merit. Eligibility is limited to members of the Armed Forces of the United States in active Federal military service. The Medal may be awarded posthumously.

The recipient receives a medal, ribbon, certificate, and citation. The citation is signed by the President and describes the events that occurred in the military operation. The certificate is signed by the President and the Secretary of the appropriate military department, and certifies that the recipient received the Medal of Honor for conspicuous gallantry etc. and contains the date and location of the action.

Limitations and Exceptions on Awarding Medal

The following statutes dictate the limitations and the exceptions to the limitations on awarding the Medal for each of the service branches: Army - 10 U.S.C. 3744; Navy and Marine Corps - 10 U.S.C. 6248, 6249; Air Force - 10 U.S.C. 8744; and Coast Guard - 14 U.S.C. 496 and 497; and the Department of Defense Manual governing military regulations - DoD 1348.33-M, para. B, 3, a, June 1993.

The statutes limiting the awarding of the Medal for each of the service branches differ, but generally they are as follows:

A recommendation for the Army and Air Force Medal must be made within 2 years from the date of the deed upon which it depends. Award of the Medal must be made within 3 years after the date of the deed.

The recommendation for the Navy and Marine Corps Medal must be made within 3 years and awarded within 5 years. No medal may be presented to any person or to his representative if his service after he distinguished himself has not been honorable.

The Coast Guard Medal must be made within 5 years after the date of service justifying the award. No medal of honor shall be awarded or presented to any individual, or to the representative of any individual, whose entire service subsequent to the time he distinguished himself shall not in the opinion of the Commandant have been honorable.

Exceptions for the above mentioned limitations also exist. See above referenced legal citations (attached) for exact limitations and exceptions. Generally the exceptions are as follows:

The only basis in statute for considering an untimely recommendation is a finding by the appropriate Service Secretary that the recommendation was timely, but was not acted on because it was lost through inadvertence.

The Department of Defense Manual provides another basis for considering an untimely recommendation. It consists of a finding by the Service Secretary or the Secretary of Defense that a material error or impropriety in the original processing of the recommendation occurred. Examples of such instances might be loss of accompanying and or substantiating documents to the recommendation or proven gender or racial discrimination. In such a case, the Secretary of Defense may recommend a legislative waiver. This waiver is required in order for the medal to be awarded.

Delegation of Authority to Award Medal

Army - 10 U.S.C. 3745 and Air Force 10 U.S.C. 8745

The President may delegate his authority to award the medal of honor to a commanding general of a separate army/air force or higher unit in the field.

Coast Guard - 14 U.S.C. 499

The President may delegate to the Secretary, under such conditions, regulations, and limitations as he prescribes, the powers conferred upon him to make the awards designated in this chapter.

There is no delegation of authority to award the Navy and Marine Corps Medal of Honor.

Presentation of the Medal

According to Defense Department guidelines, the presentation of the Medal shall be made, when practical, by the President as Commander in Chief, in a formal ceremony in Washington, D.C.

Tab A: page 1 cover & Tab A -
Raines / Matthews / Ruff / COS

Tab B: page 1 cover + Tab B
Raines / COS

Tab C: memo only
Emanuel / COS

Tab E: cover memo page 2 +
Tab E
Smith / COS

Tab G: copy of cover memo pgs 2
+ original Tab G to DOTUS
~~to DOTUS~~

THE WHITE HOUSE
WASHINGTON

4-6-98
April 4, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *Phil*
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

Good
(A) **Mathews/Raines/Ruff Memo on Restoration of Two-Way Traffic on E Street --**

While you were in Africa, the Administration and Rep. Eleanor Holmes Norton announced plans to ease the District's downtown congestion by widening and restoring four-lane, two-way traffic to E Street, which runs along the Ellipse and South lawn of the White House; the plan was developed jointly between the Administration and the District's Public Works Department and will be paid for with \$2M of already-appropriated DOT funds; as you know, separate plans to beautify Pennsylvania Avenue have been complicated by Rep. Holmes Norton and others who helped enact an appropriations rider that prohibits improvements without prior Congressional approval; Rep. Holmes Norton has indicated that she will help remove the rider and support certain "reversible" improvements, if she receives assurances the Avenue has not been permanently closed; in addition to the E Street project, steps being take to secure removal of the rider and improve Penn. Ave. include: developing legislative language to permit "reversible" improvements; improving handicap and elderly access and drop off points; installing Secret Service posts and more attractive bollards in areas now secured by vehicles and cement barriers.

Good
(B) **Raines Memo on Food Stamps Victory --** as you know from Erskine's daily reports last week, you won a major victory recently in the conference committee on the agriculture research bill; negotiations resulted in \$800M to restore Food Stamp benefits to 250,000 legal immigrants; when added to the Medicaid and SSI restorations won last year, you've made great strides toward fulfilling your pledge to reverse the welfare bill's harshest provisions; Food Stamp restorations were won while balancing the need for crop insurance, agricultural research, and rural development; Frank attaches additional background on the bill.

Good
(C) **Tom Friedman/NY Times Op-Ed Article forwarded by Rahm --** thought you'd find this article interesting; Friedman speculates on what would happen if PM Netanyahu "surprised everyone and said yes to the U.S. compromise;" argues that Netanyahu's approval rating would soar among Israelis, leaving the Labor Party "in the dust," and sending Arafat into a "panic."

4-6-98

(D)

Winston memo on Campus Week of Dialogue -- Judy updates you on the race initiative's nationwide effort to start race dialogues on campuses. There will be discussions in 48 states, D.C. and Puerto Rico at more than 500 schools. Administration officials are participating in 21 events. Judy attaches a copy of the One America Dialogue guide, which was sent to every participating school.

(E)

Note of Support from Rep. Bilbray forwarded by Erskine -- says every one he talks to supports you and feels you are doing a great job, including Republicans who did not support him in 1994 over the tax bill; they're impressed with balancing the budget and have made millions in the stock market; even Steve Wynn is now a big supporter; says Sen. Reed's race against Rep. Ensign is going to be a tough one.

(F)

"James Meets the President," by Cynthia Smith forwarded by Erskine -- Erskine thought you'd like to see this account of your meeting with Mark Smith, his wife and son James in Cincinnati last month; Mark was the Air Force's C-17 aircrew loadmaster on your most recent trip to Bosnia.

(G)

Departure Note from Jack Gibbons -- thanks you for "dedicating your extraordinary talents so selflessly and effectively to the betterment of the human condition;" asks you to give special attention to your budget and plans for research; *you have already signed a formal departure letter for Jack.*

Tab A



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

98 MAR 24 AM 11:21

4-6-98

Good

copied
Raines
Mathews
Ruff
Car

MEMORANDUM FOR THE PRESIDENT

FROM:

Franklin D. Raines
Sylvia Mathews
Chuck Ruff

SUBJECT:

Action Plan to Restore Two-way Traffic on E Street -- Information

This memorandum provides background information on Administration plans to widen and restore two-way traffic to E Street (the street abutting the South Lawn of the White House). The plan would ease congestion in the District's downtown area, and also may help us gain Congressional support for some of our efforts to beautify Pennsylvania Avenue.

Elimination of Westbound E Street Traffic

In May 1995, public vehicular traffic was barred from Pennsylvania Avenue between 15th and 17th Streets, and E Street (a four-lane street with two-way traffic) was limited to only two eastbound lanes between 15th and 17th Streets. E Street traffic was limited because public vehicular traffic on State Place, which served as the outlet for westbound E Street traffic, was also restricted for security purposes. By displacing about 29,000 crosstown vehicles per day from Pennsylvania Avenue and displacing about 13,000 westbound vehicles per day from E Street, the restrictions increased traffic congestion on Constitution Avenue and on H, I, and K Streets.

Restoration of Westbound E Street Traffic

After several months of effort, the Department of Transportation (DOT), the National Park Service (NPS), the Department of the Treasury, and the District's Department of Public Works have agreed on a plan that would restore four-lane, two-way traffic on E Street between 15th and 17th Streets and extend it through to 18th Street (see attached map). A lane would be added on E Street between 17th and 18th Streets to accommodate westbound traffic previously routed through State Place. By restoring westbound E Street traffic to pre-restriction levels, the plan would help relieve downtown traffic congestion. The plan would not, however, relieve the congestion that arose from restricting traffic on Pennsylvania Avenue itself.

Funding

The plan would be paid for with \$2 million from funds already appropriated to DOT's Federal Lands Highway program. The District's Department of Public Works applied to DOT for a \$500,000 grant to begin preliminary engineering, design, and environmental work. **Congresswoman Norton, along with DOT Secretary Slater and NPS Director Stanton, will announce the grant award on April 2nd.**

Outstanding Issues

The plan presents some unavoidable difficulties:

- In order to add the new traffic lane on E Street between 17th and 18th Streets, 12 feet of land on the southern portion of E Street is required. This District-owned right-of-way is currently used for green space alongside the National Red Cross. To make room for the new lane, the existing sidewalk would be moved closer to the Red Cross building. In addition, existing trees would be replaced with mature, although somewhat younger, trees.
- Approximately 40 White House parking spaces and approximately 20 metered parking spaces would be eliminated.
- The plan must be reviewed by the National Capital Planning Commission (NCPC). The NCPC is more likely to approve the plan if the Administration agrees to consider options that, in the long-run, might meet some of NCPC's concern about pedestrian safety and aesthetics. DOT therefore will study the costs and benefits of constructing a tunnel under E Street between 15th and 18th Streets. The tunnel would improve pedestrian safety and aesthetics, but would not add traffic capacity. Preliminary estimates suggest that such a tunnel would cost \$150-\$200 million. We will not need to complete the study before NCPC reviews the plan to widen E Street.

DOT, NPS, and Congresswoman Norton have begun consultations with the affected parties, including the Red Cross, the Corcoran Museum, and the NCPC. Although the consultations are likely to continue for a period of weeks or months, all of the initial consultations lead us to expect that all parties eventually will agree to the Administration's plan. We expect that construction would begin in April 2000 and would be completed by October 2000.

Relation to the Beautification of Pennsylvania Avenue

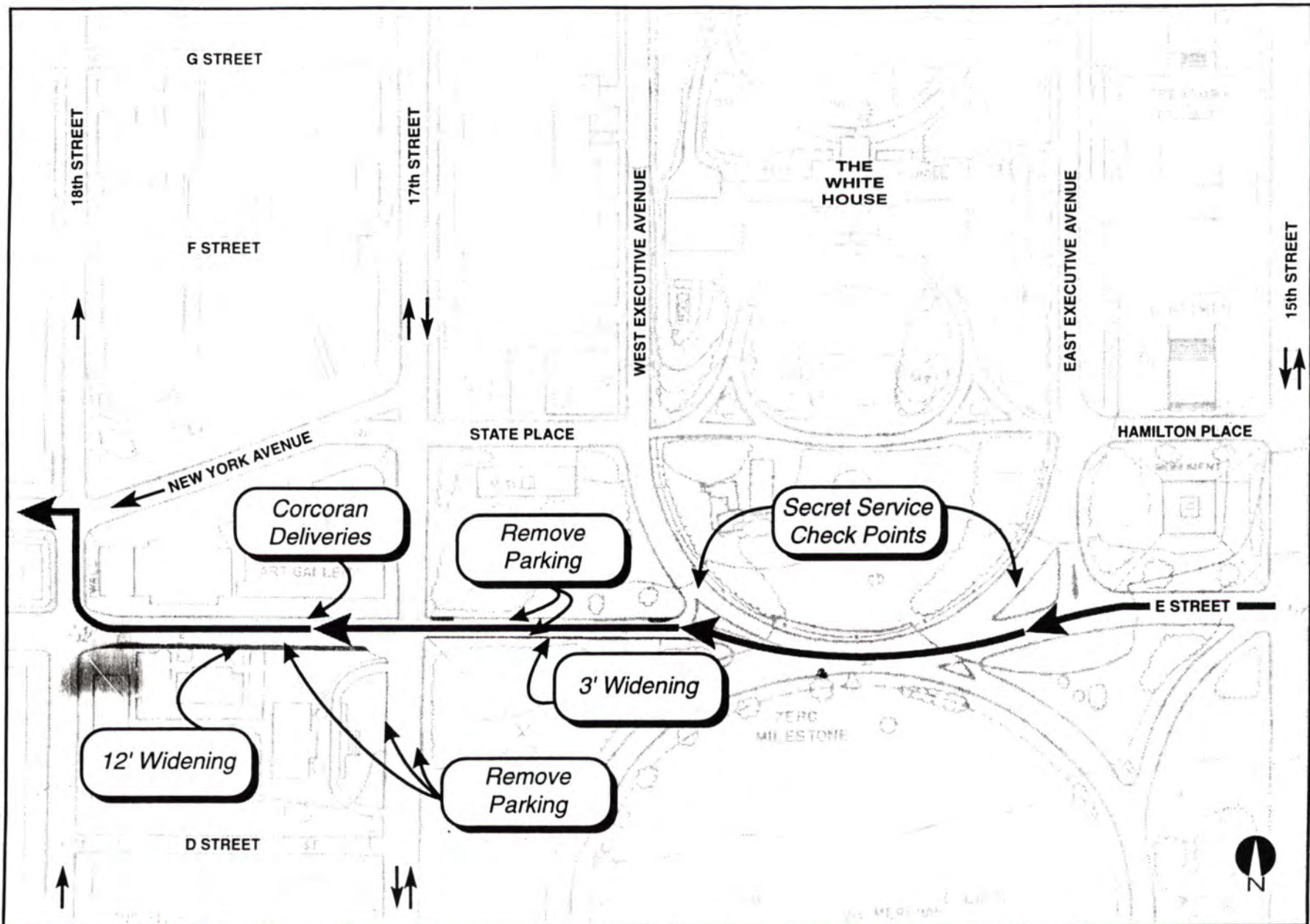
For some time, we have been interested in developing Pennsylvania Avenue to improve the appearance of the restricted section. Last year, Congress enacted an appropriations rider that prohibits any improvement to the Pennsylvania Avenue area without prior Congressional approval. Congresswoman Norton has taken credit for placing the rider in the bill. She believes that improvements could lead to the permanent closure of the Avenue, with consequent economic harm to the District.

Recently, she offered to remove the rider if she receives assurances that the Avenue has not been permanently closed. While she will not support any improvement that she regards as permanent, we understand that she may support actions that would improve the aesthetic quality of the area, but be relatively easy to reverse should security considerations ever allow reopening the Avenue.

Therefore, we are taking a few steps so that the rider is removed and we beautify the area. These steps include: 1) developing legislative language to replace the existing appropriations rider with language allowing the Administration to undertake certain "reversible" beautification improvements; 2) implementing the E Street project; 3) establishing handicap drop off areas at each end of the restricted portion of the Avenue; 4) instituting a vehicle service to transport disabled and elderly people from the drop off areas across the Avenue; 5) installing temporary United States Secret Service (USSS) posts on Jackson Place and Madison Place to replace USSS vehicles currently stationed at these checkpoints; and 6) replacing the jersey barriers along H, E, 15th, and 17th Streets with more attractive bollards resembling those just outside the South Lawn. With the combination of these items, we hope to get her approval to execute some beautification projects.

Attachment

cc: Melanne Verveer
Virginia Apuzzo
Larry Stein
Carol Thompson-Cole



Estimated cost: \$2,000,000

WESTBOUND E STREET TRAFFIC RESTORATION

Estimated time to complete: 30 months

FACTS AND ISSUES

Tab B



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

'98 MAR 27 PM 4:52

THE DIRECTOR

March 27, 1998

4-6-98

copied
Raines
OCS

MEMORANDUM TO THE PRESIDENT

FROM: Franklin D. Raines

SUBJECT: Food Stamps Victory

We won a major victory this week in the conference committee on the agriculture research bill. Our negotiations resulted in the conference agreement providing over \$800 million to restore Food Stamp benefits to 250,000 legal immigrants. Along with the Medicaid and SSI restorations we won in last year's Balanced Budget Act, we've made great strides toward fulfilling your pledge to reverse the harshest cuts in the welfare bill. This is a great accomplishment.

In the conference committee, we won the Food Stamp restorations while balancing the need for funds for crop insurance, agricultural research, and rural development. We expect the bill to be filed today and are hopeful that it will pass shortly, although there are preliminary indications that some Republicans may oppose the conference report. The attached materials provide more background on the bill.

Attachment

Agriculture Research Conference Report

Food Stamps for Legal Immigrants

- The Administration made important strides toward restoring Food Stamps for vulnerable groups of legal immigrants. The bill provides more than \$800 million over five years and restores benefits to 250,000 people in 1999, including 75,000 children.
- The bill helps five important groups: children, the elderly, individuals with disabilities, refugees and asylees, and Hmong who helped the U.S. during the Vietnam conflict.
- The bill provides assistance to immigrant children -- a group that did not receive any restorations in the BBA.
- The provisions for the elderly and the disabled mirror what was provided for them in SSI and Medicaid in last year's BBA.
- While significant, the Administration didn't get everything proposed in the Budget. Overall these provisions equate to about a third of the budget proposal (total cost of \$2.4 billion and 730,000 people).
- In general, the bill only provides benefits to individuals who were in the country as of the signing of the welfare bill in 1996. The Administration proposed more generous restorations for immigrants who entered the country after the welfare law was enacted -- particularly for children and their families, the elderly and individuals with disabilities.

Savings Proposals

- The bill's savings come from two sources: (1) food stamp administrative costs, which are projected to rise because of a problem in welfare reform, (2) work money for 18-50s in the food stamp program and (3) computer spending for USDA.

Crop Insurance, Agricultural Research, and Rural Development

- Crop Insurance. The bill adopts the FY 1999 Budget's proposal to shift most crop insurance administrative expenses permanently to mandatory funding, which will ensure there are no disruptions in the operation of the program that is the foundation of the farm income "safety net". The bill provides \$470 million over five years for these crop

insurance expenses, which is the net cost of the shift after acceptable savings of over \$500 million were taken from within the program, such as by reducing federal reimbursements for the administrative costs of private crop insurance companies. Premiums and fees paid by farmers would be increased only slightly, and the program would be more actuarially sound. (This action will also reduce pressure on funding available for other discretionary agriculture appropriations programs.) This portion of the bill was a top priority for Cong. Stenholm.

- Agricultural Research. The bill increases funding for agricultural research by \$600 million over five years through a new direct spending program, the Initiative for Future Agriculture and Food Systems. The program will provide competitively-awarded, merit-reviewed grants to address critical emerging agricultural issues. Priority issues the program will address include food safety, human nutrition, biotechnology, and improved agricultural production practices. Increasing agricultural research funding was the bill's top priority for Sen. Lugar.
- Rural Development. The bill adds \$100 million for the Fund for Rural America, a new program created in the 1996 Farm Bill that funds rural development, and innovative research and extension programs. Under existing statute, \$200 million would be available in FY 1999 and 2000; the bill makes a total of \$300 million available through FY 2003. The Fund can be used to finance water and wastewater systems, housing and business development in rural areas, and innovative research and extension projects to increase economic opportunities.

Tab C

4-6-98

THE WHITE HOUSE
WASHINGTON

'98 MAR 24 AM 10:41

MARCH 24, 1998

MEMORANDUM TO
FROM
SUBJECT

THE PRESIDENT
RAHM EMANUEL
TOM FRIEDMAN ARTICLE

copied
Emanuel
COS

*Have [unclear]
see [unclear]*

I thought you would find the attached article interesting.

What if...?

The U.S. and Israel are heading for a fateful week. President Clinton has indicated to Prime Minister Benjamin Netanyahu that the U.S. wants to present to Israel and the Palestinians a compromise proposal that it believes can break the deadlock between them. If they both accept it, that would be ideal. But if not, the U.S. would have to explain publicly who is holding up the peace process.

The Clinton proposal reportedly calls for a 13 percent further Israeli redeployment from the West Bank in three stages over three months, in return for specific changes in Palestinian behavior that would have to be implemented roughly in tandem with the Israeli pullbacks. These include Palestinian crackdowns on incitement to violence, unequivocal abrogation of the Palestinian Covenant and a range of security undertakings. But for weeks now, Mr. Netanyahu, knowing that this U.S. proposal was coming, has been fighting a guerrilla diplomatic war — using Congress and Jewish leaders — to get it killed.

Watching all this, the thought occurred to me: What if Bibi surprised everyone and said yes to the U.S. compromise? What would happen?

Well, to begin with, Mr. Netanyahu's approval rating among Israelis would probably soar from around 40 percent to around 75 percent, leaving the Labor Party leader, Ehud Barak, completely in the dust. (Yesterday's polls in Israel show a majority of Israeli Jews favoring the 13 percent U.S. compromise, 71 percent favoring a more active U.S. effort to get Mr. Netanyahu and Yasir Arafat to the table, and 81 percent wishing Mr. Clinton would bring them to Camp David.) Mr. Netanyahu would have enough public support to form any government he wanted — including a national unity government with Labor — on his terms.

Within Mr. Netanyahu's own ruling coalition some far-right members would bolt, but Bibi could govern without them. The National Religious Party, a key bloc in his coalition, would have to decide whether it is an extremist movement committed to holding all the West Bank or a party that understands there must be a compromise and it's better to do it now under conditions of strength. Ariel Sharon, who also has one foot in the Likud and one in the extreme right, would have to decide whether to follow Bibi in supporting the compromise — in which case Mr. Sharon

could play an important role in bringing along the other religious parties — or attack Bibi, in which case Mr. Netanyahu could use his popularity to marginalize Mr. Sharon.

Mr. Netanyahu could easily blunt any of Mr. Sharon's arguments by pointing out that most of the U.S.-proposed 13 percent redeployment actually involves turning over West Bank areas now entirely controlled by Israel to Palestinian civilian control — but with Israeli troops still maintaining overall security control.

Meanwhile, Mr. Arafat would be in a panic. He knows this plan would be a good deal for Israel and he's only tentatively saying yes because he thinks Bibi will say no. Mr. Arafat would also understand that by embracing the U.S. plan, Mr. Netanyahu was closing the breach between Israel and the U.S., and unifying all American Jews and Congress behind him. This would give Mr. Netanyahu an overwhelmingly powerful position

Bibi, in our dreams.

vis-à-vis Mr. Arafat going into final-status negotiations.

In Baghdad, Saddam Hussein would have heartburn. He would understand that Mr. Netanyahu's embrace of the U.S. compromise means America's Arab allies will not be able to hide behind Israeli intransigence as an excuse for not joining the next anti-Saddam crusade. In Damascus, Hafez al-Assad would be unnerved, seeing a new phase of strategic partnership between Israel and the U.S. that could only weaken Syria's position. King Hussein, meanwhile, would emit a huge sigh of relief, seeing his risky backing for Mr. Netanyahu finally paying off.

Finally, such a move would force everyone to give Mr. Netanyahu a second look. By having whittled the U.S. down to 13 percent (the Palestinians wanted 30; Bibi is offering 9), it would establish him as a better negotiator than the Labor Party, but also one who appreciates the importance of the U.S.-Israel relationship. Those who say Mr. Netanyahu is a fraud who has been trying to kill Oslo but blame Mr. Arafat for it would have to reconsider.

Yes, what if... □

The New York Times

TUESDAY, MARCH 24, 1998

Tab E



THE PRESIDENT HAS BEEN
4-6-98

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

(Retired)

JAMES H. BILBRAY
FIRST DISTRICT
NEVADA

March 20, 1998

'98 MAR 26 PM3:43

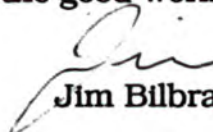
President William J. Clinton
1600 Pennsylvania Ave.
Washington, DC.

Dear Mr. President,

Just a note to tell you that every one I talk to supports you and feels that you are doing a great job. This includes republicans who did not support me in 1994 over the tax bill. They are impressed with balancing the budget and they have made millions in the stock market. I can't believe Steve Wynn has come over, in 1993-94, he went after me in a big way, and when I mentioned him having you on his golf course, so he could meet you he said that he would never even meet with you. Now Steve is a big supporter.

On another note, Harry's race is going to be tough, I believe in the end he will win, but Ensign will be well financed. This is a race the GOP will put a lot of time and money into.

Keep up the good work, your loyal supporter,


Jim Bilbray

PS: The world after being in office is boring, but at least the press leaves me alone , almost anyway.

copied
Smith
COS

THE WHITE HOUSE
WASHINGTON

'98 APR 3 PM 1:24

Dear Mr. President

As I take my leave today I want to urge you to give special attention to your budget and plan for research. Today's economy and technologies are largely derived from research and education investments made in the past. Your Research Fund proposal is critically important; it will enable the economic program, jobs, environmental protection, and national security of the future.

I fear that without your direct engagement in defending this part of your budget it will be seriously cut for political spoils and lower yield public investments. In short, you must stand firm - both within your administration and with Congress - in support of your well-reasoned and forward-looking plans.

Thank you again for dedicating your extraordinary talents so selflessly and effectively to the betterment of the human condition.

Sincerely
Jackie Sibbans
4.3.98

THE PRESIDENT HAS SEEN
4-6-98

WEAPONS OF TORTURE



A TIME investigation turns up evidence of loose controls and U.S. companies' shipping stun guns to countries that practice torture

By DOUGLAS WALLER WASHINGTON

WHEN VOVO BOSSONGO, AN opposition-party member in the Democratic Republic of Congo, was dragged into a Kinshasa jail last January, the authorities skipped the usual beating. Instead, security agents poked the young woman with a 2-ft.-long shock baton whose electric jolts eventually left her unconscious. When Chinese prison guards tired of kicking Tibetan monk Palden Gyatso, they shoved a black clublike shock baton down his throat and charged it up. The current that raced through his body left him crumpled on the floor "in a pool of blood and excrement and in extreme pain," he recalls. In Lebanon interrogators employ the "Flying Carpet": a procedure during which an electric rod is shoved under the genitals of a prisoner strapped to a chair. A soldier takes a photo of the rod being applied "to show it to us before we meet our maker," says a former inmate who survived.

Electricity has long been a favorite tool of torturers. In many instances pain is still delivered the old-fashioned way, from cattle prods or wires connected to a car battery. But now human-rights workers are running across more cases in which high-tech devices based on American technology are used. Over the past decade, more than 100 companies have sprung up around the world selling small, handheld shock weapons, costing \$200 or less, de-

signed for police use. Tens of thousands of cheaper devices, many advertised as giving blasts of 50,000 volts or more, have also been sold directly to consumers.

For the past year, the human-rights group Amnesty International has waged a battle with manufacturers and governments around the world to curb commerce in these devices. Amnesty says electric-shock torture or the abuse of prisoners with shock devices has occurred in at least 50 countries in the Middle East, Africa, Latin America and Asia. "Torturers seem to be discovering that electroshock stun weapons are ideal for their evil purposes—cheap, easy to conceal and hard to trace," says Brian Wood, who tracks the weapons internationally for Amnesty. TIME's own investigation found few international controls over the devices, along with disturbing evidence that stun guns from the U.S., Asia and Europe wind up in countries whose governments practice torture.

Americans first developed stun technology in the early 1970s as a nonlethal way for police to incapacitate violent criminals. Shaped like small flashlights or cellular phones and powered by store-bought batteries, stun rods deliver a series of millisecond-long shocks that cause muscles to contract, leaving the victim writhing and twitching on the ground. In the U.S., for example, Nova Products Inc., in Cookeville, Tenn., sells a Police Special to law agencies that delivers 75,000 volts from two metal tips at the end of the prod. Air Taser Inc., in Scottsdale, Ariz., manufactures an air gun

that can zap an assailant 15 ft. away with two fishhook-like darts connected by thin wires to the power unit. Stun Tech Inc., in Cleveland, Ohio, produces an electrobelt that wraps around a prisoner's waist. If the prisoner becomes unruly, a guard pushes a button on a transmitter to deliver a searing charge straight to the kidneys.

Such devices are also, of course, perfect for torture. "The electricity is extremely painful, it can be controlled by the torturer, and it leaves very few incriminating marks," says Dr. James Jaranson, at Minnesota's Center for Victims of Torture.

Countries that practice torture have little problem finding suppliers. Taiwan exports shock batons to Indonesia, Vietnam and Cambodia. German- and South African-made stun weapons have turned up in Angola and Egypt. Mexico is becom-

*Saudi/Valm
can use so
anything about
fun - Be*

*copied
Berger
Emanuel
COS*

EXTREME PAIN:
Palden Gyatso shows
weapons used on him



ing a production and transshipment site for American and Asian stun devices. It has also begun attacking its own people with the weapons. Last September police turned fire hoses on 400 people protesting election fraud in Campeche. Members of the Cobras security force then waded in, jabbing protesters with 3-ft.-long shock sticks. "I fell to the ground, but they carried on giving me the shocks—on my breasts, vagina, stomach, legs, all over my body," says Layda Silva Sosa, 52.

A TIME review of Commerce Department documents shows that Washington has approved a dozen shipments of stun guns and shock batons over the past decade to Saudi Arabia despite that country's long history of brutalizing prisoners. American firms must obtain a Commerce Department license to export shock weapons to

most countries, and officials say the applications are closely screened to block the items from falling into the hands of human-rights abusers. Yet Air Taser has been negotiating to supply thousands of electric-shock riot shields for crowd control to police in Turkey, where torture is "widespread," according to State Department human-rights reports. South Africa's new CMax prison for hardened criminals is considering buying Stun Tech's shock belt over the protests of human-rights groups, which complain that Nelson Mandela's government allows prisoner abuses.

"There are ways to get around" the controls, admits Commerce Under Secretary William Reinsch. A license isn't required for exports to NATO countries in Europe, where U.S. stun guns can be reshipped elsewhere. Air Taser has arranged for man-

ufacturing facilities in Russia, Mexico and Taiwan to produce its weapons. Their export from those countries doesn't require U.S. approval.

Another way to avoid U.S. controls is called "drop shipping," say Customs Service agents. An American company barred from exporting stun guns directly to a foreign country pays a producer in a third country with loose export controls to ship the foreign weapons with an American label slapped on them. The U.S. company then bills the customer at a marked-up price and pockets the profit. Customs agents also suspect that many distributors simply file phony export-declaration forms and ship directly to problem countries. Last December, Yuri H. Montgomery, an Olympia, Wash., exporter, was indicted on charges of sending South Korean-made stun guns called Thunder Woman and Thunder Blaster to Macedonia in 1992 without Commerce Department approval. Customs agents are now investigating whether the weapons were reshipped from Macedonia to neighboring Kosovo, where ethnic Albanians have been tortured. The cases the Customs Service has uncovered are the tip of the iceberg. "There are definitely other companies in the U.S. doing it," says a Customs agent.

But manufacturers and many law officers argue that stun guns actually prevent worse abuse by police. Without a shock weapon, a cop is left with the choice of clubbing a dangerous criminal with a nightstick or shooting him with a handgun, which can cause more severe injuries. Indeed, law agencies in the U.S. have used stun guns thousands of times, and there have been relatively few documented cases of serious injuries. "These devices don't kill people," insists Nova's president, John McDermit. Rick Smith, Air Taser's president, has launched a publicity campaign to rebut Amnesty's charges. In restricting stun guns "that could save lives, we're actually degrading human rights," he argues.

Obviously much depends on how the devices are used. Even in the U.S., the record of shock weapons is far from unblemished. Prison guards in California, Arizona and Texas have been accused of tormenting inmates with stun batons. Five states have banned the devices. "It's one of those toys that enterprising manufacturers have developed that sound real good, but their potential for abuse is so great," says Armond Start, a professor at the National Center for Correctional Health Care Studies. And in the hands of a torturer, the "toy" can produce cruel, even fatal, results.

—With reporting by
Peter Hawthorne/Cape Town, Rachel Salaman/
Mexico City and Alexandra Stiglmeier/Berlin

LAW OFFICES
GOODWIN. MOORE. COLBERT & BROADAWAY 1.
1201 WEST COURT STREET
P.O. BOX 726
PARACOULD. ARKANSAS 72451

RAY A. GOODWIN
HARRY TRUMAN MOORE
ROGER U. COLBERT
BRAD BROADAWAY
ANGELA BOWDEN GRAY
MICHAEL W. LANCLEY

TELECOPIER
(870) 239-2780

TELEPHONE
(870) 239-2780

April 1, 1998

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500-2000

RE: Child Care Issues - Melita Day Nursery, Sedalia, Missouri

Dear President Clinton:

Welcome back from Africa.

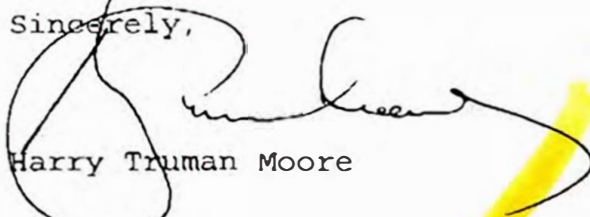
Enclosed you will find a letter from Deborah Mitchell, an attorney in Sedalia, Missouri, who has been very active in the Melita Day Nursery in that city. She has relatives here in Paragould and that is how we became acquainted.

Knowing of your interest in child care and welfare to work programs, she asked that I forward this letter to you.

The Melita Day Nursery clearly appears to be an example of what can be done.

As always, if you have any questions, do not hesitate to contact me, or contact Deborah directly.

Sincerely,


Harry Truman Moore

HTM:ldw

Enclosure: As Noted.

4-6-98

Send to Burkhardt?

Yes ✓

No

DEBORAH MITCHELL

ATTORNEY AT LAW

MEDIATOR

112 WEST FOURTH STREET

SEDALIA, MISSOURI 65301

PHONE 816-827-5100

FAX 816-827-1008

March 27, 1998

President William Jefferson Clinton
1600 Pennsylvania Avenue
Washington, D.C.

Re: Melita Day Nursery and State Fair Community College
Sedalia, Missouri

Dear President Clinton:

Long a fan of your social agenda (although from a distinctly conservative family!), I have toyed with the idea of presenting you with the story of Melita Day Nursery, because I think is what you have espoused as what we as a society should strive for. My lawyer H.T. Moore says that I am right on the mark. I would like for Melita to become a part of your child care agenda by being an example for the rest of the country. Here is our story:

Melita Day Nursery is the idea of government assistance and self-help at its best. It was founded in Sedalia in 1910 by a group of forward-thinking women who were concerned about child care for local women factory workers. Since that time, the nursery's mission has been to serve low-income families in need of day care by providing quality day care at fees scaled to income levels.

It is governed by a group of civic-minded women and men who, as a board of directors, make decisions which keep the nursery operating on a shoestring. Our revenue comes from parents who can afford to pay on a sliding scale, the Missouri Division of Family Services, United Way, and other State and Federal funding.

Melita has operated continuously for the past 87 years except for a time in 1995 when the facility, donated to the nursery by the daughter of Sedalia's founder, could not pass city inspection because of a failed sewer system. In September of 1995, operations were suspended until a new location was found.

As funds were tight, the Board decided that in order to keep Melita alive, it would be necessary to join forces with another local agency - and it was the Board's intent to keep Melita alive.

We joined forces with our local community college - State Fair Community College. Members of the Melita Board of Directors approached the college with a proposal: The college had a vacant building which could become the new Melita Day Nursery at State Fair Community College. The nursery would become more visible in the community by way of its new location, and the nursery would be available and convenient for State Fair students, many of whom are low-income working or single mothers who fall into the Melita mission service group.

Scarcely a year after suspending operations, Melita Day Nursery at State Fair Community College opened with a Missouri day-care license to serve 60 children, but with barely 30 enrolled. Today, we are operating at capacity with 60 children, still serving the low-income families of Sedalia.

Although Melita is not yet an accredited preschool, the day care curriculum is designed as preschool-type curriculum; Melita is interested in interrupting the educational cycle of low-income families and in providing its charges with the skills needed to succeed in schools.

The most important factor, though, in Melita's humble beginnings and in its renaissance, has been the pulling together of the community to make sure that affordable day care is available to those who need it most.

Board members, their spouses, and Melita's staff have done and do physical labor to ready and maintain the building. Local church groups and philanthropic organizations have provided and continue to provide needed materials and supplies. The United Way makes Melita an annual recipient of its funds. State Fair Community College shoulders a good portion of the burden of the maintenance and all the utilities of the facility. State Fair staff does needed work when required. Local businesses help when called upon. Our staff works for peanuts.

And former "students" show up at the most interesting times: The plumber who helped us try to keep the old house open in 1995 told us he was glad to help because he stayed at Melita. One of the State Fair maintenance workers told us the same thing as he was helping us move in to the new facility.

Melita's story is inspirational, but it also is a wonderful fit with what you have set as a part of your national agenda.

First, many of the people we serve are either welfare recipients or former welfare recipients who are trying to prepare for the work force. They are training or retraining for jobs through either State Fair's college curriculum or its vocational/technical curriculum, and they need day care.

Second, Melita intervenes in the cycle of low-income family/low educational level. Our curriculum, developed by our staff with input from the Board, provides preschool age children with the tools they need for success in the public school system.

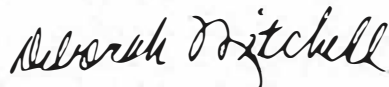
Most important, Melita is a story of a community with a can-do attitude. From 1910, this agency has done what has been needed to make sure that low-income families have quality day care. It has done that by marshalling all forces available - local donations of labor and money, state government funds, federal government funds, and dedicated people.

We can demonstrate to the rest of the country that the idea in itself can be successful with hard work and vision. We would like your attention and support in this quest. We want to be a part of your agenda for the country.

I note that you are going to be in Kansas City on April 7. Sedalia is a 20-minute drive from Whiteman Air Force Base. Come visit us while you are in the area. See us in action. Develop a Federal funding plan for day care facilities that follow Melita's model so that the staff of such organizations do not have to work for peanuts, and so that the low income family/low educational cycle can be interrupted with early childhood preparation. Melita Day Nursery works.

I look forward to hearing from you.

Sincerely,



Deborah Mitchell

FAX TRANSMISSION

GOODWIN, MOORE, COLBERT & BROADAWAY

1201 WEST COURT STREET, P.O. Box 726

PARAGOULD, ARKANSAS 72451-0726

TEL: (501) 239-2225

FAX: (501) 239-2780

To: Ms. Rebecca Cameron

Date: April 1, 1998

Fax #: (202) 456-6703

Pages: 5, including this cover sheet.

From: Harry Truman Moore

Subject:

Comments:

Dear Rebecca:

I am sending the original of this letter by regular mail, but wanted to fax it onto you now because of the reference to the President's trip to Whiteman Air Force Base on April 7, 1998.

I know that child care is one of his major concerns at the present time and this looks like a good opportunity to review an existing program. I am also faxing a copy to Craig Smith.

HTM

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. If the reader of this message is not the intended recipient, the employee or the agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone and return the original message to the sender at the above addressed via U.S. mail. Thank you.

THE WHITE HOUSE
WASHINGTON

Date 4/6

To: Sylvia

From: The Staff Secretary

How would you like to
handle this?

Phil

EASTLAND LAW OFFICES

HIRAM EASTLAND
ATTORNEY AT LAW101 North State Street
Jackson, MS 39201
(601) 355-7961
Fax (601) 355-0530Drawer 86
Doddsville, MS 38736
Pager: 1-800-946-4646
PIN No. 255-1040

April 2, 1998

Fax Transmission**To:** Ms. Nancy Hernreich**From:** Hiram Eastland**RE:** Proposal to Establish a Center for the Study and
Promotion of Racial Unity at the University of Mississippi

Dear Ms. Hernreich,

As you are aware, President Clinton and I have corresponded from time to time on various public policy matters. I would sincerely appreciate your providing the President the attached letters as I am confident this proposal is one that will substantively further the President's Initiative on Race. I have also discussed this matter with John Hope Franklin and William Winter and they have expressed their hopes that this is a proposal that the President will be interested in pursuing. I have also discussed this matter with Terry McAuliffe and he has offered to assist in raising substantial endowments for the above Center in the event the President is interested in pursuing this matter. I sincerely believe the Center could stand as a lasting legacy of the President's race initiative - The William Jefferson Clinton One America Center for the Study and Promotion of Racial Unity.

Sincerest and Best Regards,

Hiram Eastland
Hiram Eastland

4-6-98

Send to Benkhart?

Yes _____

No _____

C

EASTLAND LAW OFFICES

HIRAM EASTLAND
ATTORNEY AT LAW

101 North State Street
Jackson, MS 39201
(601) 355-7961
Fax (601) 355-0530

Drawer 86
Doddsville, MS 38736
Pager: 1-800-946-4646
PIN No. 255-1040

April 2, 1998

President Bill Clinton
The White House

RE: Proposal to the President's Initiative on Race to Establish a Center for the Study and Promotion of Racial Unity at the University of Mississippi

Dear Mr. President:

I am writing this letter to seek your consideration and support for a proposal I have made to the President's Initiative on Race.

As indicated in my attached letter to the Honorable John Hope Franklin, the establishment of a permanent Center for the Study and Promotion of Racial Unity at the University of Mississippi could serve as a most positive outgrowth of your race initiative. I have also discussed this with our mutual friend Governor William Winter, who has indicated to me that this is a matter that should be pursued.

A permanent Center for the Study and Promotion of Racial Unity could serve as a continuing local, national, and even international catalyst for promoting racial unity and could coordinate with other permanent projects which may arise out of the race initiative.

When you consider the negative and tragic aspects of Mississippi and the University's past, along with the unmistakable transformation and strides towards racial unity that we are witnessing in Mississippi and at Ole Miss, there is no better place to establish a permanent center for substantive study, dialogue, and initiatives promoting racial unity.

Upon the death of Martin Luther King, a saddened and acutely focused Robert F. Kennedy spoke of how, surely, one day we would begin to learn something from our shared goals, shared values, shared faiths, and common bonds.

Your President's Initiative on Race and your recent State of the Union bears testament to the fact that you have had the profound insight to take up this very challenge.

Often it's easier to believe that our differences matter more than what we have in

common. It may be easier, but it's wrong.

What do we have to do in our day and generation to make sure that America becomes truly one nation? We are becoming more and more and more diverse. Do you believe we can become one nation?

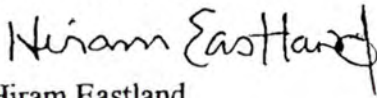
The answer cannot be to dwell on our differences, but to build on our shared values. We all cherish family and faith, freedom and responsibility. We all want our children to grow up in a world where their talents are matched by their opportunities.

I've launched this national initiative on race to help us recognize our common interests and to bridge the opportunity gaps that are keeping us from becoming one America.

There is no better place to further explore how to build upon our common bonds, how to become a more perfect union, how to become one America, than in Mississippi and at Ole Miss through the establishment of a permanent One America Center for the Study and Promotion of Racial Unity.

I look forward to continuing to work with you to build an even stronger and more unified America, and as always I am,

Your Friend,



Hiram Eastland

cc: Honorable John Hope Franklin
Honorable William Winter
Honorable Bruce Reed

Attachments

EASTLAND LAW OFFICES**HIRAM EASTLAND**
ATTORNEY AT LAW101 North State Street
Jackson, MS 39201
(601) 355-7961
Fax (601) 355-0530Drawer 86
Doddsville, MS 38736
Pager: 1-800-946-4646
PIN No. 255-1040

March 4, 1998

Honorable John Hope Franklin
The President's Initiative on Race
New Executive Office Building
Washington, DC 20503RE: Proposal to Establish a Center for
the Study and Promotion of Racial Unity
at the University of Mississippi

Dear Dr. Franklin:

Pursuant to your request, I am writing this letter as a follow up to our discussion as you were leaving Ole Miss this past week in which I proposed to you that it would be most appropriate to establish a Center for the Study and Promotion of Racial Unity at the University.

Let me first relate, however, how much we all appreciate and were inspired by your remarks at the two Forums for the President's Initiative on Race.

As I listened to your remarks and the presentations of the various students and community leaders at the forums, I was reminded of the words of a deeply saddened and acutely focused Robert F. Kennedy when he extemporaneously reacted to hearing of the death of Dr. Martin Luther King. He spoke out of a deep sadness over Dr. King's death, as well as a deep frustration over the racial divisiveness he had continued to witness as he traveled around the country.

He talked about how sad it is that there has been so much racial divisiveness that many Americans view each other as threats or even enemies, rather than as fellow countrymen and fellow allies in the pursuit of the American Dream. He talked about how sad it is that we share the same cities and towns, but we do not in a true sense share the same community.

He talked about how needless all this racial divisiveness is because we all desire basically the same thing for ourselves and our families in the short time we are on this earth together. We all want the opportunity to provide for a decent and secure life for our families, a fair opportunity for our children's talents to take them as far as possible, and a chance to live out our lives with mutual respect and dignity.

He talked about how useless all this racial divisiveness is because we all have the same common

goals, essentially the same common faith and religious values, and the same sense of what is good for our families and our country.

Finally, he posed a question that rings down across the years and is just as relevant today as we pursue the President's Initiative on Race under the President's and your leadership, and as we consider establishing a Center for the Study and Promotion of Racial Unity at Ole Miss.

He raised a profound question and challenge in stating that surely we can begin to learn something from this. Surely, we can begin to learn something from our common goals, our common faiths and values, and our common sense of what is good for our families and our country.

There is no better time to consider how to build upon these common bonds than through the President's Initiative on Race.

There is no better place to maintain a permanent, substantive dialogue and initiative promoting racial unity than in Mississippi and at Ole Miss, especially when you consider the negative and tragic aspects of our area's past, along with the unmistakable transformation and strides towards racial unity that we are witnessing in Mississippi and Ole Miss' present.

There is no better place to further explore how to build upon our common bonds, how to become a more perfect union, and how to become One America, than in Mississippi and at Ole Miss through the establishment of a permanent Center for the Study and Promotion of Racial Unity. (We could also consider the joint involvement and coordination of other universities, colleges, junior colleges, and high schools around Mississippi - perhaps even around the nation, through forming various sister relationships with other permanent initiatives).

I discussed this matter last year with Chancellor Khayat and again in February at the forum initiating Black History Month. I also raised this suggestion at the Black History Month forum moderated by Julian Bond and the response by Mr. Bond and those in attendance was very positive.

I have also proposed and discussed this matter with my long time friend Governor William Winter, who agreed that this is a matter that should be pursued.

I look forward to discussing this matter further with you at your convenience, and I would appreciate your raising this concept and proposal with President Clinton as a potential very positive development growing out of the Race Initiative. Coincidentally, I discussed this proposal with Terry McAuliffe, a close friend of mine who is the President's chief fund raiser for the President's Library and many other projects. Terry agreed to assist in seeking various substantial endowments for the Center, in the event the project is one the President is interested in supporting.

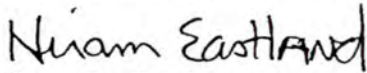
President Clinton is a longtime friend. He and I have maintained a dialogue on various public policy issues for many years, including matters regarding the Delta Commission which he chaired as Governor, the Democratic Leadership Council, and the last two State of the Union Addresses.

Having been raised in the South during the turbulent 60s, our generation was forced to sort out our own beliefs as to the best course for America. In doing so, we listened to such voices as Martin Luther King, John and Robert Kennedy, Medgar Evers, Aaron Henry, and Fannie Lou Hamer, just as we listened to other Southern leaders. My own experience has been most interesting, as I was raised at the knee of Senator James O. Eastland in the hometown of Ms. Fannie Lou Hamer.

I look forward to discussing our shared experiences and insights as we work together to build One America.

Please give me a call at your earliest convenience.

Sincerest and Best Regards,


Hiram Eastland

cc: President Bill Clinton
Honorable William Winter

Attachments



THE WHITE HOUSE
WASHINGTON

2/20/97

Dear Hiram

Thank you for your fine
moving letter - It came too
late for the State of the Union
but I may want to use your
idea in a separate speech on
the Good Society which, after
all, is what we are trying to
establish.

Sincerely,
Bill Clinton

Labor
Advance**CROWN BEVERAGES LTD.**

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Our Ref:

Date:

21/3/98

4-3-98

Your Ref:

To Mr. Greg Fairino

Fax No: 258981

VIP TentBack from
Oval

TO WSC

yes

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No.

1. Minister of Labour
2. Secretary of Labour
3. Minister of Finance
4. Secretary of Commerce
5. Chairman CBL
6. Secretary of Transport
7. Minister of Education

Letter:

CBL - Crown Beverages Ltd.
 US - US delegate
 PU - Privatisation Unit
 PCI - Pepsi Cola International
 UHA - Uganda Manufacturers Association
 VIA - Uganda Investment Authority
 Roko - Mr. Max Rohrer
 UCB - Mr. I. Kabaunda
 Bandag - Mr. Hister
 SCB - Mr. W. Matsaiva

CBL	H	US	N	ROKO	UCB	CB	Q	PCI	UHA	US	H	CB	L	US	V	CB	L	US	X
A		B		D	P	Q		F	G	I	J	V	W						

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1

On regional infrastructure projects,
we've secured agreement in principle from
the World Bank (as part of the 67 Africa group)
to launch a multi-country lending instrument
that would support such projects.

The idea is that the WBank could lend
to a multicountry devt authority or institution
(e.g. SADC) without negotiating country-by-
country. Will also help to build up
regional institutions.

Though we still need approval from
World Bank Bd, no problem in
President indicating our support for
this approach.

Jan Zellics
Treas

THE WHITE HOUSE
WASHINGTON

political reform ...
inclusiveness...
unleashing
human potential

THE WHITE HOUSE
WASHINGTON

Education Initiative

Great Lakes Justice

Trade + Eco Initiative

Airport Initiative —

later

seek to
increase aid to
historic levels

THE WHITE HOUSE
WASHINGTON

Kabita has just
rejected IMF
program

THE WHITE HOUSE
WASHINGTON

do you need anything
more to drink?
coffee?

THE WHITE HOUSE
WASHINGTON

Date

4/6

To: Don Kerrick

From: The Staff Secretary

Any view on this?

PONS generally does not make
forwards for looks Please advise

Phil



Saguaro Publications / Consultants

13118 Cedarbrook Ave. NE
Albuquerque, New Mexico 87111
505-291-0744/9

7-5-
-11-
98 APR 5 11 23

April 1, 1998

Ms. Nancy Hernreich, Manager
Oval Office Operations
1600 Pennsylvania Ave. NW
Washington, DC 20500

Dear Ms. Hernreich:

I have written two letters to the President which have gone unanswered and I seek your assistance in at least acknowledging their receipt.

I am enclosing a copy of the enclosure to last letter for your reference. It is the proposed FOREWORD for a reunion book I am writing for my West Point Class.

Please advise whether the President is interested in signing the Foreword to the book I am writing on the West Point Class of 1951 for our 50th reunion. I would think that as Commander-in-Chief he would.

Of course, feel free to have the Foreword re-written as appropriate, perhaps the use of White House stationery is called for.

Sincerely,

José Andrés Chacón, Publisher &
Adjunct Professor
Anderson Schools of Management
University of New Mexico

Foreword

By the Commander-in-Chief
1993 to 2001

This book is about the accomplishments of the Class of 1951 from the United States Military Academy at West Point. There were 475 who graduated on June 5, 1951 and almost immediately were tested in combat. Eight made the extreme sacrifice in Korea and two later in Vietnam. Five were decorated with the *Distinguished Service Cross for heroism and valor, involving extraordinary risk of life in connection with military operations against an enemy.*

The class of 1951 has distinguished itself not only in military service but in many walks of life. Shy Meyer served as Chief of Staff of the Army, Roscoe Robinson was the first black USMA graduate to become a four-star general, Buzz Aldrin was the first to land on the moon; Dave Abshire helped establish the Center for Strategic Studies at my alma mater Georgetown University; the list goes on and on. Members of the class continue to serve their Country and embody the spirit of West Point.

The 1947 *Bugle Notes of the United States Corps of Cadets*, was originally entitled the West Point Handbook, was dedicated to those who joined the Corps in 1947 and urged that the new members to; "Preserve the traditions compiled therein, they are your heritage." I want to quote two items from the 1947 Bugle Notes that in my mind comprise the spirit of West Point as I have come to know it. **First**, the Missions of the Military Academy; (1) To instill discipline and a high sense of honor. (2) To develop the powers of analysis so that the mind may reason to a logical conclusion, and (3) To instruct and train the Corps of Cadets so that each graduate shall have the qualities and attributes essential to his progress and continued development throughout a lifetime career as an officer in the regular army. **Second**, a letter to the new class from then Secretary of War, Robert P. Patterson; he said: "With the perils of another war behind us, all Americans have renewed reason to be thankful for the spirit of West Point. We should never forget that in this imperfect world military strength still determines the destiny of nations. It is the work of West Point to give us military leadership in time of need. It also gives us, by the conduct of its graduates, a standard of valorous devotion to the nation's cause. West Point is the existing embodiment of the patriotism of its spiritual founder, the Army's first and foremost leader, George Washington. Sincerely yours, Robert P. Patterson, Secretary of War"

The Class of 1951 at West Point has served America well!

William Jefferson Clinton
President of the United States



Saguaro Publications / Consultants

13118 Cedarbrook Ave. NE
Albuquerque, New Mexico 87111



Ms. Nancy Hernreich, Manager
Oval Office Operations
1600 Pennsylvania Ave. NW
Washington, DC 20500

20300-0023



THE WHITE HOUSE
WASHINGTON

April 2, 1998

4-6-98

MR. PRESIDENT:

We'll have a response prepared
to the attached.

Phil Caplan

THE WHITE HOUSE
WASHINGTON

April 2, 1998

The President
The White House
Washington, D.C.

Dear Mr. President:

After serving on your campaign for the Presidency beginning on October 1, 1991, and in the White House since the earliest days of the Administration, I am tendering my resignation, effective April 26, 1998.

I will return to New York to serve as the Director of Business Affairs for Disney's Online enterprises. Working for you, Mrs. Clinton and the Vice President, has been the most extraordinary experience of my life. Thank you for this amazing opportunity to serve. Every day I have been awed by your dedication, brilliance, and leadership. I am humbled by the opportunity you have given me to play even a small role in some of your many, many accomplishments. In September, 1991, when I accepted Mark Gearan's invitation to help out in Little Rock on your fledgling campaign and when you and Mrs. Clinton invited me to the Governor's mansion the day you announced your candidacy, I could not have imagined the extraordinary journey on which Emily and I would accompany you.

It has been a great honor to help coordinate your Cabinet, ensuring its members are implementing your vision and amplifying your basic messages and "good news" announcements. I am particularly proud of the role I played in the successful implementation of NAFTA, the 1993 and 1995 budget battles, the Administration's efforts for the 1996 Olympic Games, the Administration's participation in the Philadelphia Service Summit and the continued development of AmeriCorps. Perhaps my greatest satisfaction has come from supporting your efforts on behalf of disaster victims throughout the nation. You and James Lee Witt have led a revolution in disaster management. Millions of Americans victimized by hurricanes, floods and tornadoes have benefited from your empathy and your commitment to excellence.

I will always remember moments large and small, joyful and tragic that have marked my days here: standing in the well of the Congress as you gave your first State of the Union address; Prime Minister Rabin's funeral; the plane crash that killed Ron Brown and 34 others; the Olympic Park bombing; observing with my mother the signing of the Mideast peace treaty on the South Lawn; joining with my father in the Rose Garden when you welcomed the Stanley Cup Champion New York Rangers and working for three years with my wife Emily, as a colleague down the hall. Most significantly, during these White House years, Emily and I have gone from

4-6-98

4/6/98

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Beauchamp

Yes



No

OK Sig
let me see

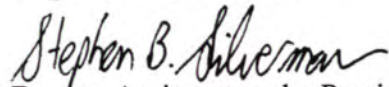
newlyweds to the parents of our beautiful daughter Danielle, now 2, and, imminently, another child.

I will always be proud to have served with the extraordinarily talented and committed staff of the White House, led by three outstanding Chiefs of Staff, and the incredibly dedicated and able team in Cabinet Affairs.

I will be forever indebted to you and Mrs. Clinton for this privilege and always will be at your service.

With personal appreciation and admiration,

Stephen B. Silverman

A handwritten signature in cursive script that reads "Stephen B. Silverman". The signature is fluid and elegant, with the first letters of the first and last names being capitalized and prominent.

Deputy Assistant to the President and
Deputy Secretary to the Cabinet

SENT BY:

Apr-02-98 09:37

From-

4- 2-98 : 10:13 :

Waite Schneider -
+2023470300

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P. 06/08

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March 31, 1998
VIA HAND-DELIVERY

4-6-98

CC:
Bruce
Reed

✓
The Honorable John McCain
Chairman, Senate Committee on
Commerce, Science & Transportation
508 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator McCain:

I write on behalf of Philip Morris Companies Inc., RJR Nabisco, Inc., Lorillard Tobacco Company, Brown & Williamson Tobacco Corporation and United States Tobacco Company concerning your proposed amendment to your bill, S. 1415, the "National Tobacco Policy and Youth Smoking Reduction Act." As is explained in greater detail below, we believe that your mark contains a number of illegal, punitive and fundamentally unsound provisions. We believe that the bill, if enacted, would not only fail to achieve the important purposes embodied in the settlement, but would also guarantee that the history of litigation and confrontation concerning tobacco products would continue inevitably for years into the future. This is precisely the course the negotiators of the settlement were trying to change.

Accordingly, we cannot support — and, indeed, vigorously oppose — your mark. We will not agree to enter into the protocol and other voluntary agreements that are an essential part of S. 1415. And, if this legislation is enacted, we intend to assert our First Amendment, Due Process, and other constitutional rights to overturn it in the courts.

We outline below some of the many reasons why S. 1415 is not a realistic or viable vehicle for legislation that achieves the fundamental purposes of the settlement.

1) The "look-back" provisions are punitive and clearly illegal.

- Without consent by the industry, the "look-back" provisions are unquestionably unconstitutional. They cannot be compelled. The companies cannot and will not agree to the "look-back" provisions as proposed in the bill.

- The "look-back" provisions of the bill would punish the industry for conduct by adolescents that the industry cannot control. Every suggestion that adolescents be held in any way responsible for their own conduct has been rejected in favor of exclusively punishing the industry.

- Even if the tobacco companies have done everything possible to achieve a reduction in underage tobacco use, the "look-back" monetary penalties — which are not tax-deductible — still apply. There is no abatement procedure. Indeed, the industry is penalized with look-back charges for underage smoking of even contraband cigarettes under this proposal.

- The "look-back" penalty for a greater-than-twenty-percentage-point miss of the youth smoking target is \$3.6 billion and automatic suspension of all civil liability protection. (Sec. 202).

- In addition, even if the reduction targets are met with respect to the industry as a whole, the Secretary can still bring an action seeking to lift an individual company's liability protection if that company has an individual brand as to which a reduction target is missed by 20-plus percentage points. The base year for determining whether this 20-point miss has occurred is 1999 — i.e., after massive price increases have presumably already driven down underage use significantly. (Sec. 203). (For other elements of the "look-back" provisions, the base year is 1995.) This shift in the base year will obviously increase the likelihood that the target will be missed.

- In such an action, the court must remove the liability cap if it finds the company has not substantially complied with every federal, state and local law, rule and regulation, even if completely unrelated to tobacco products. (Sec. 203).

- The "look-back" provisions applicable to the manufacturers begin in Year 3, far too short a period to obtain the reduction that would be mandated, while paradoxically state incentives to combat youth smoking do not begin until Year 5.

2) The civil liability protections are inadequate and promote uncertainty.

- A cap alone is inadequate to make the civil liability provisions function fairly and effectively. The prohibition on class actions, along with the settlement and release of past claims for punitive damages, are fundamental to an ongoing process for the fair and equitable distribution of these funds and to the industry's ability to commit to make huge annual payments and consent to unprecedented restrictions on its constitutional rights.

- Although the proposed resolution makes vast sums available for the payment of tort claims, there is only so much money that the industry can produce. Thus, to be viable, a system must be constructed so as not to swamp the cap or advantage some individual claimants at the expense of others.

Senator McCain
March 31, 1998
Page 3

- There are five different ways the companies could lose the civil liability cap: (1) if the industry as a whole ever misses a "look-back" target by 20 percentage points; (2) if a company has a single brand that individually misses a "look-back" target by 20 percentage points; (3) if the "Tobacco Agreement Accountability Panel" determines at any time that a company's actions or inaction is creating a "clear and present danger" of non-attainment of the "look-back" target; (4) if any tobacco company — even a company not participating in the settlement — challenges the advertising restrictions set forth in the bill, then all tobacco companies lose the civil liability protections; and (5) if a company is in arrears in its annual payment obligations by so much as \$1 for more than one year — even if due to a bona fide dispute as to the annual payment.

- The apparent failure to settle punitive damages claims and class actions based on past conduct guarantees jackpot justice and the unfair and uneven treatment of individual litigants.

3) The economic terms of the bill are unduly harsh and completely unrealistic.

- The tobacco companies are required to pay initial and annual payments in excess of \$125 billion in the first six years alone, even if the FDA bans tobacco, eliminates nicotine or substantially alters the product during this period. Moreover, the \$125 billion payment in the first six years is not subject to any adjustment downward to take into account reductions in the volume of sales beyond those projected by the Treasury, which has plainly undercalculated both the amount by which retail prices will increase over the next six years and the amount that volume will decline. A leading analyst believes that the provisions in the bill will result in retail prices that are higher by more than \$2.55 over today's prices. Given the massive depressive effect this will have on sales volume, it may well be impossible for the companies to make such annual payments and remain viable.

- The typical smoker will, in short order, face more than \$1,000 per year in estimated additional costs for tobacco products. Many of these consumers are low and lower middle income Americans, and the unnecessarily higher prices forced by the bill will transfer billions out of their pockets. It is an unnecessarily huge regressive tax on American smokers.

- The payments during the first 25 years total \$574.1 billion — not including "look-back" surcharges and attorneys' fees. Inflation on the annual payments begins immediately, and the payments themselves come due during each year before the companies have actually been able to collect the money from sales. Indeed, some of the companies may not have the ability to make the required payments under this schedule.

Senator McCain
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Page 4

Volume adjustment to the annual payments does not begin until 2005, and apparently the base year for adjustments would be 2004, meaning adjustments would only be made off of a volume that would already be substantially reduced by virtue of the sharp price increases resulting from the payments required in the years preceding 2004 and any dramatic alteration of the product decreed by FDA. (Secs. 403-4).

- The initial payment of \$10 billion accrues interest at the punitive rate of prime plus 10% from the date of enactment. (Sec. 402).

4) A black market is virtually assured.

- The Treasury has indicated that it believes a \$2.50 per pack price difference would create a black market in tobacco products. While others, including the industry, believe that a far smaller differential will fuel such a market, even by the Treasury's figure the required payments will create a differential of \$2.50 or more between many of our country's largest markets. It will create a boon for organized crime and defeat the principal objective of the legislation by making illegal products available through unlicensed sources at less than lawful prices to underage users.

5) The provisions regarding international sales are punitive, counterproductive and will eliminate as much as half of U.S. tobacco production.

- The bill attempts to "globalize" U.S. law, by applying the bill's advertising and marketing restrictions to U.S. companies worldwide, virtually guaranteeing that all overseas sales will be uncompetitive and thus likely eliminating immediately a third of U.S. tobacco leaf production. (Sec. 1102). The effect of these provisions — which, of course, do not and cannot apply to foreign manufacturers overseas — only serve to put U.S. companies at a severe competitive disadvantage, and thereby shift the overseas business to foreign manufacturers, many of whom are owned by foreign governments.
- The international provisions of the bill further impose extraordinarily onerous bureaucratic requirements that effectively destroy the ability of U.S. companies to compete overseas. For example, the bill requires the posting of a bond with respect to each and every exported tobacco product, which can only be refunded if it is proven to the HHS, in the HHS's discretion, that the product was actually received at the destination designated in the bond. HHS permits are required in order to export tobacco products, and can be revoked in HHS's discretion if it finds that a violation occurred. There is a total ban on sales of tobacco products in duty-free shops. Every tobacco product package must bear an individual serial number, and every export package must be labeled with the country of final destination. (Secs. 1142-7). And no product can be

Senator McCain
March 31, 1998
Page 5

exported if it does not meet performance standards applicable in the U.S., absent a marketing authorization from the country of destination (which no country currently gives with respect to tobacco products). (Sec. 102).

6) The treatment of privileges and trade secrets violates basic constitutional rights.

- The mandatory document disclosure provisions are overbroad and provide insufficient protection of privileged and trade secret documents. In addition to original laboratory research documents and documents produced in tobacco product liability litigations, the companies are required to turn over to the national document depository all documents previously produced in any litigation, regardless of the subject matter of the litigation (e.g., an employee "slip and fall" case). (Sec. 903).
- Privilege determinations are made by a "board," not by a court, and the board members are not required to be judges or even lawyers. (Sec. 906). The actual privilege determination is made by a single member of the board, with some review possible by the whole board. There is only an appeal to the Federal Circuit, and the board's findings of fact on appeal are "conclusive" if supported by substantial evidence. A board determination that a document is not privileged is binding on the tobacco companies in all courts. However, a board determination that a document is privileged has no binding effect, and plaintiffs are free to relitigate the issue wherever and whenever they choose. (Secs. 907-8).
- Tobacco manufacturers are required to submit to HHS all documents relating to the health or psychological effects of tobacco products, as well as all marketing research documents. The Secretary of HHS has final, discretionary authority to determine whether information submitted constitutes a confidential trade secret, without any opportunity for judicial review of such finding. Moreover, even if the information is found by the Secretary to be a trade secret, it may nevertheless be disclosed if "in the interest of public health." And the Secretary may require public disclosure of the companies' confidential product formulas, thereby destroying the formulas' proprietary value. (Sec. 913).

7) The restrictions on packaging and penalties for violations by non-manufacturers are unacceptable and unconstitutional.

- Tobacco product packages must use only black text on white background (except packs sold at adult-only facilities). This provision would destroy the commercial value of trademarks and is unconstitutional.

Senator McCain
March 31, 1998
Page 6

- Inconsistently, the bill would also require that the warning statement on the package — which also must be black and white text — “contrast” with the rest of the package design. (Sec. 142).
- The warning labels must be on both the front and back of packages, at the top of advertisements, and all of the different warnings must appear at the same time throughout the country. In addition, HHS has authority to change the format, size and text of the warnings any time, as frequently as it wants and with no grandfather provision. Given the enormous expense of developing the capacity to produce new warning labels on billions of packs each time the warning requirement changes, this is yet another hidden cost built into the bill. (Secs. 301-4).
- If a direct or indirect payment has been made by any manufacturer, distributor or retailer for product placement or glamorization in a medium that appeals to individuals under 18, the apparent consequence is a total ban on all further sale of the product. (Sec. 142).

8) The legal fee provisions contain no annual cap.

- The bill would impose on the companies the unlimited obligation to pay plaintiffs’ attorneys’ legal fees, without the \$500 million per year limit agreed to in connection with the proposed resolution. Indeed, the bill has no annual limit on fees at all, and thus the industry could be charged with billions of dollars of additional financial obligations in the first two years after enactment.

9) Prohibition.

- The FDA would have discretion to ban tobacco products outright, to eliminate or reduce nicotine content, or to mandate virtually anything else with respect to tobacco products if it deems the action “appropriate for the protection of public health.”

10) Preemption.

- HHS has discretion to terminate any federal preemption of State, local or agency rules or regulations that impose more restrictive limitations on the sale, distribution, possession or use of tobacco products. Accordingly, every state, county, city and town could potentially impose its own, differing laws on product manufacture. (Secs. 5, 914).

Senator McCain
March 31, 1998
Page 7

11) ETS provisions would promote even more litigation.

- Secondhand smoke restrictions apply to the "immediate vicinity" of buildings, which presumably must be policed by the building's owner. The scope of the ban is overbroad. Moreover, any person -- not merely governmental authorities -- can bring enforcement actions, and the bill contains an express attorney fee-shifting provision that benefits plaintiffs only. This would likely lead to a flood of private suits against various business owners, encouraged by plaintiffs' lawyers. (Secs. 502-3).

The foregoing is by no means an exhaustive list of the fatal flaws of S. 1415. The national settlement was the outcome of an intensive negotiation in which the interested parties participated and through which they hoped to chart a new, constructive direction for tobacco public health policy in the United States. Its remarkable achievement was in successfully crafting a compromise that every party could support, as it was clear that attempting to impose a "solution" over industry objection had no hope of changing fundamentally the direction in which the country was heading.

Any legislation as extreme and punitive as S. 1415 cannot achieve this balanced result. We hope you will consider these points with your colleagues as the Committee proceeds to markup.

We would welcome any opportunity to discuss these points and others with you and the Committee staff, but please understand that we will not and can not voluntarily accept the proposed bill as drafted.

Sincerely,



J. Phil Carlton

cc: The Honorable Ted Stevens
The Honorable Conrad R. Burns
The Honorable Slade Gorton
The Honorable Trent Lott
The Honorable Kay Bailey Hutchison
The Honorable Olympia Snowe
The Honorable John Ashcroft
The Honorable Bill Frist
The Honorable Spencer Abraham

Senator McCain
March 31, 1998
Page 8

The Honorable Sam Brownback
The Honorable Ernest F. Hollings
The Honorable Daniel K. Inouye
The Honorable Wendell H. Ford
The Honorable John D. Rockefeller IV
The Honorable John F. Kerry
The Honorable John B. Breaux
The Honorable Richard H. Bryan
The Honorable Byron L. Dorgan
The Honorable Ron Wyden
The Honorable Tom Daschle
The Honorable Don Nickles