THE WHITE HOUSE

4/6

Thurgood
Barry Toiv
Sylvia Mathews
John Podesta
Phil Caplan

A copy of Secretary Pena's designation ltr to POTUS.

Kris

'98 APR 6 PM2:33

4-6-98

Phil -
Do you know where the original is?
Should we send to
Burkhardt? Y ___ N ___
Clerk? Y ___ N ___

The Secretary of Energy
Washington, DC 20585

April 6, 1998

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

Dear Mr. President:

Please accept my resignation as Secretary of Energy. It has been a high honor and an enormous privilege to have served you, our country, and the American people. I deeply appreciate the confidence you have shown in me by appointing me to two Cabinet posts.

I am leaving the Administration for personal and family reasons. Ellen and I have three wonderful children, and it is now time for us to focus on their futures. In order to provide a smooth transition at the Department of Energy, I am prepared to continue to serve until June 30, 1998.

I am proud to have been part of an Administration with such an extraordinary record of achievement, including: the first balanced budget since 1969; over 15 million new jobs; a government that works better and costs less; and economic growth with environmental protection.

As with our work at the Department of Transportation, we have accomplished a great deal at the Department of Energy. I have recruited a solid management team, improved relations with the Congress, and played a major role in support of your key initiatives.

In national security, we have created a solid nuclear weapons Stockpile Stewardship Program to support the Comprehensive Test Ban Treaty. That program has enabled us for two consecutive years to certify that our nuclear stockpile is safe, secure and reliable without conducting underground nuclear tests. We are also securing dangerous nuclear materials in fifty-three sites in Russia and the Newly Independent States, and last week I signed an agreement with Russian officials to help convert ten formerly closed "nuclear cities" to civilian purposes. You tasked me to lead a Presidential mission to the Caspian Sea region to fortify our energy and national security objectives, and today we have a clear and credible strategy for multiple pipelines in this emerging, strategic part of the world.

Your vision of how our Nation must prepare for the 21st Century is becoming a reality. I believe new, environmentally clean vehicles will roll off production lines in a few years because your Partnership for a New Generation of Vehicles has been supported largely by DOE's scientific resources. One million solar roofs will be installed before 2010. In addition, we have developed a Comprehensive National Energy Strategy to address our growing dependance on imported oil, and fashioned a national blueprint to accelerate the closure and clean-up of numerous contaminated sites across our country. We also have generated an environmentally sound, comprehensive proposal to introduce competition to the Nation's electricity industry, and developed a technology-based effort to address global climate change.

In science and technology, we recently developed a strategy to utilize our scientists and laboratories to support your goal of raising math and science competencies of our youth and to produce the next generation of American scientists and engineers. Department scientists continue to lead the world in developing supercomputers, and we expect to achieve a world-record three trillion operations per second later this year. DOE scientists also helped discover water on the moon, and we have advanced our path-breaking work in sequencing human chromosomes through our Human Genome Project.

Finally, I have been proud to have helped shape and implement your dream of "One America," in which our Nation can come closer together in the next century. You have recognized that for us to succeed as a Nation in the 21st Century, our institutions must have the strength that comes from embracing our diversity.

Mr. President, these are but a few of the achievements at DOE. They are products of the extraordinarily talented men and women of the Department, whose work is contributing to the well-being of the Nation because of your strong support, encouragement, and leadership.

Much work lies ahead, of course. There are problems to be addressed, and DOE must continue to improve its management practices. I will continue to focus on those matters over the next three months, and I have great confidence that the new team of managers I have attracted will continue this effort for the remainder of your presidency.

Thank you again for the honor you have bestowed upon me by allowing me to serve our Nation. Ellen, our children, and I will long treasure our friendship with you and Hillary, and our prayers remain with you and your family as you complete your second term.

Respectfully,

Federico Peña

Federico Peña

Draft 04/05/98 4:30pm

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Cappo

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, better prevention, targeted deterrence, and smarter, stronger 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, and Byrl [BERLE] Phillip-Taylor. Byrl's 17-year old son was killed with an AK 47.

Tragedies like this are a brutal reminder of the task before us. They are a challenge and a call to action--one we 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 is banning the import of assault weapons that use large-capacity military magazines.

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.

4-6-98

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.

Ban of over 50 weapons clearly designed to evade the law, to put into the hands of those weapons still designed prim to kill people—

Of course, it is our sworn duty to uphold the law. But

Cannot stand — order today stops 1.5m such weapons fr. reaching our sts — pol / parents had enough you [illegible] together

it is also our moral obligation. It is our obligation to the

stops making it much more dangerous—

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.

4-6-98

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THE WHITE HOUSE

WASHINGTON

April 5, 1998

Copied
Emanuel
Reed
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MODIFIED ASSAULT WEAPONS EVENT

DATE: April 6, 1998
LOCATION: Rose Garden
BRIEFING: 10:15 a.m, Oval Office
EVENT: 10:45 a.m. to 11:15 a.m.
FROM: Bruce Reed and Rahm Emanuel

I. PURPOSE

To announce that the Treasury Department has concluded that modified semiautomatic assault rifles that accept large capacity military magazines (or LCMM rifles) are generally not importable. This decision will affect over 50 kinds of modified assault weapons, and may prevent the importation of up to 1.5 million guns under current permits or pending permit applications.

II. BACKGROUND

You will speak to approximately 50 individuals from the law enforcement, gun control, and victims communities, as well as Members of Congress, on the importation of modified semiautomatic assault rifles.

In your November 15, 1997 radio address to the nation you announced that the Treasury Department was temporarily suspending the importation of certain modified assault weapons to review whether these weapons should be allowed to come into the country. Tomorrow, Secretary Rubin will recommend that most of the weapons studied be generally banned from importation.

Under the 1968 Gun Control Act, the Treasury Department has an obligation to restrict the importation of firearms unless they are determined to be "particularly suitable for or readily adaptable to sporting purposes." After taking several months to review the weapons in question, the Treasury Department has concluded that modified semiautomatic assault rifles that accept large capacity military magazines -- or LCMM rifles -- do not meet the sporting purposes test and are generally not importable. LCMMs are magazines that contain more than 10 rounds of ammunition; they were prohibited by the 1994 Crime Act.

Since passage of the 1968 Gun Control Act, Administrations of both parties have repeatedly invoked this authority to ensure that only legitimate sporting weapons are brought into the country. In 1968, the Act was used to ban the importation of Saturday Night Specials and other small and inexpensive handguns; in 1984 and 1986, it was used to ban the importation of the Striker-12 and USAS-12 riot control shotguns; in 1989, it was used to ban the importation of 43 semiautomatic assault rifles; and in 1993, its authority was invoked to propose a ban on the importation of certain assault pistols, though the 1994 Crime Act made this executive action unnecessary.

The more than 50 models of firearms affected by the announcement on Monday are modified versions of military assault weapons that were banned by the Bush Administration in 1989 or by the Crime Act of 1994. Most of these models are based on the AK 47 assault rifle, but some are variants of the Uzi, FN-FAL, HK 91 and 93, and SIG SG550.

Up to 1.5 million firearms whose importation had been suspended during the review may be affected by this decision. Importers will be notified in writing and given an opportunity to respond.

III. PARTICIPANTS

Briefing Participants
Bruce Reed
Rahm Emanuel
Secretary Rubin
Attorney General Reno
Under Secretary Ray Kelly
Karen Popp
Jose Cerda

Event Participants
The President
The Vice President
The Secretary of the Treasury
The Attorney General
15 local law enforcement officers

IV. PRESS PLAN

Open Press

V. SEQUENCE OF EVENTS

10:15 a.m. THE PRESIDENT and THE VICE PRESIDENT are briefed in the Oval Office.

10:35 a.m. THE PRESIDENT and VICE PRESIDENT greet law enforcement officers in the Oval Office.

10:45 a.m. THE PRESIDENT and VICE PRESIDENT are announced into the Rose Garden accompanied by Secretary Rubin, the Attorney General, and law enforcement officers.

PROGRAM BEGINS

The VICE PRESIDENT gives welcoming remarks and introduces Attorney General Reno.

Attorney General Reno gives remarks and introduces Secretary Rubin.

Secretary Rubin gives remarks and introduces THE PRESIDENT.

THE PRESIDENT makes remarks.

11:15 a.m. THE PRESIDENT and THE VICE PRESIDENT depart.

VI. REMARKS

To be provided by Jeff Shesol.

VII. ATTACHMENTS

The final Treasury report will be available on Monday morning.

copied Rahm E. Bowles

THE PRESIDENT HAS SEEN
4-6-98

Jones Case: Media's Unshining Hour

■ Culture: The motive behind all the dirt digging was to sell newspapers and increase TV ratings.

By ROBERT SCHEER

"Nattering nabobs of negativism" is how the great Greek philosopher-statesman Spiro Agnew once defined the media, which accurately captures the reaction of many commentators to the dismissal of the Paula Corbin Jones lawsuit. The ruling of a judge who until now had been admired as fair to both sides is suddenly treated as yet another duplicitous trick of the president.

Clinton is the only person in the country who is judged even by the respectable media as morally guilty until proved innocent. Reading the editorial page of the New York Times, you could have thought that Judge Susan Webber Wright ruled against Clinton. The editors who have led the pack in attacking Clinton now called on the president to adopt "standards of behavior, leadership and association that are not merely legal, but also worthy of emulation." If this is not an assumption of wrongdoing, when nothing of the sort has been proved, what is it?

And when will the New York Times and virtually every other news outlet examine their own standards of behavior that allowed them to print as plausible the most despicable smears against the president? In the current issue of the Columbia Journalism Review, Jules Witcover, perhaps the most experienced of Washington reporters, refers to "all manner of rumor, gossip, and especially, hollow sourcing, making the reports of some mainstream outlets scarcely distinguishable from supermarket tabloids. The rush to be first or to be more sensational created a picture of irresponsibility seldom seen in the reporting of presidential affairs."

Many of those rumors and scurrilous claims against the president, including that totally groundless charge of rape reported by the Washington Post, were dug out of the mud and passed on as truth by the Paula Jones team. Yet nothing in that horrid concoction of distortions and innuendo was deemed supportive of Jones' claim. It is a fitting retribution that her so-called legal team will be stuck with the bills.

How about a bit of honesty from the media? They got the Jones case wrong from the get-go and should now apologize. There never was a valid claim against Clinton of sexual harassment, and the only justification for the past four years of dirt digging was to sell newspapers and increase television ratings.

Which explains why the media was disappointed that the president's anatomy would not be the basis of an international show trial. The hotel rooms in Little Rock were booked, the equipment shipped and obviously the media are chagrined by the loss of what was to be a ratings and circulation bonanza maybe bigger than O.J. CNN alone was poised to dispatch 80 staffers to Little Rock for this circus.

"Lowest common denominator journalism is now the norm," Larry Sabato, professor of political science at the University of Virginia, told the American Society of Newspaper Editors last week, and now it will remain for Independent Counsel Kenneth Starr to provide the required grist for the media mill.

The morning after Clinton's sweeping exoneration in this case, the New York Times featured a huge front page photo of a smiling Starr saying the investigation would continue, as if this wannabe Grand Inquisitor has somehow been validated by the court's reversal of a case that provided the underpinnings for his own witch hunt. Or was he simply in a state of shock when he compared himself to Sgt. Joe Friday in the old television series "Dragnet"? Is that what it's come to in his mind: a beat cop busting the president of the United States on a trumped up sex charge?

Can Starr honestly believe that a president should be impeached for his behavior in a civil case that turned out to be a nuisance suit pushed forward by a well-financed movement of cranks?

Cut the charade; not even Newt Gingrich's House of Representatives would dare show such contempt for the voters, who happened to make a choice in two presidential elections that the right-wing can't abide. With Gingrich battling Starr for the lowest public approval ratings, they are already pathetic characters in this disgraceful farce.

The clear implication of Judge Wright's ruling is that it is the president who has been the victim of harassment at the hands of political opponents bent on destroying him. "You cannot defile the temple of justice," Starr thunders, as if he has not done just that with his partisan crusade that systematically ignores the manipulation of facts and witnesses by his fellow right-wingers. Or the role of his benefactor billionaire Richard Mellon Scaife's tax-exempt foundation in the creation of the Paula Jones story. That's the real scandal to this story, and it is unfortunate that most of the top dogs in the media have chosen to ignore it.

Robert Scheer is a Times contributing editor. E-mail: **rscheer@aol.com**

Planned 'reforn
stopgap measur
will be obsolete
they're begun.

By LAURENCE J. KOT
and JEFFREY D. SACI

Notwithstan attention o budget s nation's finances a reason is that two Medicare and Soci heading into the re

Medicare, wh addressed by a s sion, will run out o 2010. This is abou than it would ha last year's budget without fundam Medicare will n payroll tax hike, cents to 10 cents we and our kids e

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The actuarial ating this estima years. Unfortun cits loom in yea Indeed, one of that Social Secu again a cause having been Greenspan Com the failure to years. Sevent very long tim that passes add the current p Since 1983, 14 have been add

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O... Giving and Second Thoughts

4-6-98 Copied HRC

Dan K. Rosenthal

04/03/98 10:44:16 AM

Record Type: Record

To: Nancy V. Hernreich/WHO/EOP, Rebecca A. Cameron/WHO/EOP

cc:

Subject: forwarding: "Message for the President"

This email was sent to me by Michael Main who was one of the Clintons' guides in Kasane, Botswana and helped organize the visits to Chobe National Park.

--------------------- Forwarded by Dan K. Rosenthal/WHO/EOP on 04/03/98 10:43 AM ---------------------------

4-6-98

mmain @ lion.info.bw
03/26/98 02:00:00 AM

Record Type: Record

To: Dan K. Rosenthal

cc:

Subject: Message for the President

Hi Terry and Dan and whoever answers the President's email,

The President was interested in a herbal cure for skin cancer which I have used successfully. I said I'd pass along the details. Not sure how to get it to him directly and ask if one of you could kindly pass this to him, please.

The balm is labelled: "Genuine Sausage Tree Extract" (Kigelia africana) and is obtainable from the Victoria Falls Pharmacy, P.O. Box 165, Victoria Falls Tel (263) (13) 4403. It is very inexpensive and is likely to be found widely, at least in Zimbabwe.

Best wishes,

Mike Main

Send to Burkhardt
for reply?

Yes — No —

Mr. President

(1) Reply to him
Thx him his generous
[illegible], etc.
(2) cc HRC

THE PRESIDENT HAS SEEN
4-6-98
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THE WHITE HOUSE

WASHINGTON

March 12, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN Phil

SUBJECT: Needle Exchange

Your AIDS Advisory Council begins a meeting this weekend and the s... ...ges will likely be a major issue. Some members of the Council will introduce resolutions calling on you to take specific action; some Council members may resign; others may call for Secy Shalala's resignation if she does not make the necessary certifications. Several AIDS groups are planning press conferences early next week to call attention to the issue.

As you know, this is a very contentious issue, especially among your Cabinet. In fact, Secy Shalala and Genl McCaffery cannot even agree to participate in a DPC policy process to come to a resolution. AIDS groups, gay and lesbian groups, law enforcement and the public health community all have a stake. In the attached memo, *which I recommend you read to get a full picture,* Bruce Reed and staff working with the AIDS/gay/lesbian groups seek guidance from you on the issue. Bruce notes that you do not have to make a decision tonight. Even if you did, it would be not be communicated to the AIDS Council this weekend; a fuller rollout strategy would have to be developed. While of course you are free to decide among the options tonight, Bruce and your other senior advisors are at the very least looking for some indication from you about where we'll end up so that tomorrow they can begin to manage the fallout of the meeting and begin to work with those Council members who are most sympathetic.

Context. On March 31, Secy Shalala has the authority to release federal funds for needle exchange programs if she certifies that such programs (i) decrease HIV transmission and (ii) do not increase drug use. She will likely have sufficient data and wants to make this finding.

Options. Four are presented, none of which solves the problem entirely. There are two absolute options and then two compromise positions. Absolute: *Option 1* maintains the status quo and is supported by only Gen'l McCaffery: claim insufficient data and do not release funds. AIDS community will be outraged, but no fight with Congress. *Option 4*, supported by Secy Shalala and Sandy Thurman: make the findings and release the funds, as long as they are combined with drug treatment. Strongly supported by AIDS/public health communities but will lead to Congressional battle. Compromises: *Option 2, DPC's recommend option and also supported by Podesta, Sylvia, OPL, Larry Stein:* make the necessary findings but do not release the funds. AIDS groups will argue "moral bankruptcy" -- that we know needle exchange saves lives and there is no real justification to withhold funds. But groups appear to prefer this compromise over any of the other options because of scientific imprimatur. *Rahm and Podesta* support a suboption here: make the findings, do not release funds, acknowledge the contradictory policy goals and direct Shalala and McCaffery to work out a solution. *Option 3* has no support: make findings, release funds but only if local law enforcement authorities approve exchanges. AIDS and other groups strongly oppose as few law enforcement agencies will sign on.

THE WHITE HOUSE

WASHINGTON

98 MAR 12 PM 4:41

March 12, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: Needle Exchange

This memorandum addresses Administration options on needle exchange. With the congressional moratorium on needle exchange funding about to expire, the AIDS community will soon put increased pressure on the Administration to release federal funds for needle exchange programs. Members of your Advisory Council on AIDS are considering the possibility of using their meeting next week to take some dramatic action on the issue, such as calling on Secretary Shalala to resign unless she makes the certification necessary to allow federal funding. We therefore think you should give immediate attention to this issue.

Under ordinary circumstances, DPC would have run an interagency process involving HHS, ONDCP, the AIDS office, and other interested parties. We could not do so on this issue, however, because General McCaffrey refuses to take part in a DPC process, believing that needle exchange is above all a drug question and that he therefore should coordinate Administration policy. Secretary Shalala, for her part, understandably refuses to take part in an ONDCP-led process, believing that needle exchange is a public health issue and that Congress gave her, not the ONDCP Director, legal authority to decide it. The result is that the interested agencies have not been able to work through this issue in a structured and rational manner.

Although this memorandum presents you with options, we do not think you need to make a firm decision on this issue now. If you would like to hear a fuller rendition of the arguments on both sides, we can put together a meeting for you with McCaffrey and Shalala. If you would like to hear a fuller description of the scientific evidence, we can arrange a briefing for you by Dr. Varmus. Of course, if you feel ready now to make a decision, you should feel free to do so. We will take whatever response you make to this memo into account in dealing with your AIDS Advisory Council over the next few days.

Background

For some years, Labor-HHS appropriations bills have allowed the use of federal funds for needle exchange programs if but only if the Secretary certifies that such programs (1) decrease HIV transmission and (2) do not increase drug use. In the last appropriations bill, Congress prohibited the Secretary from making this certification until March 31, 1998. On that date, the Secretary once again will be able to release federal funds for needle exchange programs upon making the appropriate findings.

(A separate and even more stringent statutory test governs the use of SAMHSA funds for needle exchange programs. These funds may not be used unless the Surgeon General finds that needle exchange programs (1) decrease HIV transmission and (2) also decrease drug use. Because no one believes that the available evidence can support the latter finding, the release of SAMHSA funds is not now at issue.)

The Secretary already has found that needle exchange programs decrease HIV transmission; until now, however, she has not made a formal finding that these programs do not increase drug use. HHS scientists have been studying the current data carefully, and probably will recommend soon that the Secretary make this finding. Assuming they do so, the Secretary would like to issue the formal certification necessary to release federal funds. The ONDCP Director adamantly opposes this action, primarily on the ground that it would weaken the anti-drug message. (See separate memo from General McCaffrey.)

The AIDS community, public health community, and elite validators strongly support releasing federal funds for needle exchange programs. They believe that current scientific evidence supports this action, and that only political considerations stand in its way. The law enforcement community -- and probably a majority of the public -- would oppose the action strongly. They believe that it would condone -- and whatever the scientists say, ultimately increase -- illegal drug use.

Options

There are currently four options on needle exchange. None of them is good; the question here is really which option is the least horrible.

1. Maintain the status quo. Under this option, we would continue to say that the evidence is currently insufficient to find that needle exchange programs do not increase drug use. This option would provoke the wrath of the AIDS community and the criticism of elite validators. It would force us to defend against a change of moral cowardice. The option, however, would allow us to avoid a confrontation with Congress over needle exchange policy -- a confrontation that we almost certainly would lose and that could inflict great political cost.

2. Make the necessary findings, but decline to release funds. Under this option, either HHS scientists or the Secretary herself would make the requisite findings, but the Administration nonetheless would decline to release federal funds to needle exchange programs. We would argue that such a change of policy requires the building of public consensus within the political arena -- that the decision to use public funds for these purposes is not, in the end, solely scientific. We then could set up a process for trying to develop such a public consensus -- perhaps sentencing Shalala and McCaffrey to work together on this project.

This option, like the last, will lead many in the AIDS and public health communities to

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charge the Administration with a kind of moral bankruptcy: they will argue that if we know needle exchange saves lives (as the findings state), then we have no justification for declining to provide financial support to these programs. In addition, the option may encourage Congress to legislate in this area -- for example, by placing a flat prohibition on needle exchange funding on an appropriations bill or the ONDCP reauthorization. But this option at least would give a scientific imprimatur to needle exchange programs (thus encouraging local communities to fund such programs on their own), and the AIDS community appears to prefer this compromise to any other.

3. Release federal funds for needle exchange, but only if local law enforcement authorities approve the program. Under this option, HHS would make the requisite findings, but release funds only to local communities where law enforcement officials sign on to the needle exchange program. This added condition would help to insulate the Administration from the charge that its policy will undermine law enforcement. Accordingly, the condition also might help stave off a confrontation with Congress on the needle exchange issue. The AIDS community, however, would oppose the condition strenuously, believing that few law enforcement officials will sign on to needle exchange programs and that the Administration's action will signal to local communities that these programs raise a serious law enforcement issue.

4. Release federal funds for needle exchange programs, as long as they are combined with drug treatment. Under this option, the Administration would release funds to all communities in which needle exchange programs are linked to drug treatment. The AIDS and public health communities would support this approach strongly, and the link to treatment would give us some answer to the charge that funding needle exchange condones illegal drug use. But this option would touch off a battle with Congress, which will put many Democratic members in a difficult position and almost certainly result in reversal of the policy.

HHS and the AIDS office strongly favor the fourth option; ONDCP just as strongly favors the first. As between the two compromise approaches, the AIDS office believes that the AIDS community will more readily accept the second option (findings without funding) than the third option (law enforcement sign-off). For similar reasons, HHS favors the second approach to the third. We are not sure of ONDCP's preference as between the compromise approaches.

DPC believes that both the first and fourth options are untenable. The fourth would subject us to relentless criticism on law enforcement grounds and lead to the enactment of harmful legislation (perhaps even prohibiting locally-funded needle exchange). The first would subject us to equally relentless criticism on public health grounds and could chill the appropriate use of even locally-funded needle exchange programs. As between the compromise approaches, we have a slight policy preference for the law enforcement sign-off, which would lead to some federal financing of needle exchange, while acknowledging the legitimate interest of law-enforcement officials -- and the potential value of their involvement -- in these programs. But this compromise option seems objectionable to everyone -- certainly to the AIDS community, which doesn't want law enforcement involvement, and perhaps also to the law enforcement

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community, which may not want real responsibility. By contrast, the findings-without-funding approach may be tolerable, at least for now, to people on both sides of the issue: for this reason, it may offer the better chance for continued discussion and eventual resolution of this difficult issue. We therefore recommend option two.

Option 1:	Maintain the status quo	________
Option 2:	Make findings, but release no funds	________
Option 3:	Release funds with law enforcement sign-off	________
Option 4:	Release funds, assuming drug treatment programs	________
Let's discuss		________

THE PRESIDENT HAS SEEN
4-6-98

THE WHITE HOUSE

WASHINGTON

March 31, 1998

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98 MAR 31 PM9:0

MEMORANDUM FOR THE PRESIDENT

Good

FROM: BRUCE REED
GENE SPERLING

SUBJECT: Equal Pay Initiative

Friday, April 3rd is "Equal Pay Day," the day on which women's earnings, added to their previous year's earnings, are said to equal what men earn in one calendar year. Many organizations around the country are holding events this week to highlight the issue; the White House event is planned for Thursday, April 2nd. The Vice President will participate in this event which will also include Senator Daschle, Rep. DeLauro, Secretary Herman, and John Sweeney. This memorandum outlines the Administration's equal pay initiative developed through an NEC/DPC process for the Vice President to announce at the event. Your senior advisors, Treasury, Labor, OMB, Commerce, SBA, EEOC, OVP, and the Women's Office unanimously support the new policies developed for this announcement.

The most significant announcement by the Vice President will be the Administration's support for equal pay legislation introduced by Senator Daschle in the Senate and Rep. DeLauro in the House. This legislation will strengthen the laws prohibiting wage discrimination against women. The Vice President will also announce a package of administrative actions that will highlight the problem of pay disparity and enhance enforcement of wage discrimination laws in the private sector and the federal government.

The Vice President will announce the Administration's support of the Daschle/DeLauro bills. The main provisions in Senator Daschle's and Rep. DeLauro's legislation are:

- Increased Penalties for the Equal Pay Act. The bill amends the Equal Pay Act (EPA) to allow for compensatory and punitive damages. Currently, the EPA provides only for liquidated damages and back-pay awards. This proposal would put gender-based wage discrimination on equal footing with wage discrimination based on race or ethnicity, for which uncapped compensatory and punitive damages are available under Section 1981.

- Non-retaliation Provision. Currently, employers can take adverse action against employees who share information on pay. The Daschle bill amends the EPA to prohibit employers from penalizing employees for sharing information about their salaries with co-workers. The ability to share such information makes it easier for women to evaluate whether there is wage discrimination.

- Class Actions. The bill amends the procedures for filing class actions under the EPA to conform with the procedural rules for filing federal class actions in other areas of the law.

- Training, Research, Education, and Outreach. The bill requires the EEOC to provide training for its employees, subject to the availability of funding, on matters involving discrimination in the payment of wages. The bill also requires Department of Labor (DOL) to undertake research in the area of sex-based pay disparities; provide information on means of eradicating such disparities; assist State and local information and educational programs; recognize and promote the achievements of employers that have made strides to eliminate pay disparities; and convene a national summit to discuss and highlight the issue of sex-based pay disparities.

- Pay Equity Award. The bill establishes "The National Award for Pay Equity in the Workplace," to be administered by DOL, to recognize and promote the achievements of employers that have made strides to eliminate pay disparities.

The Vice President will also announce a number of Administration initiatives, including:

- Increased Data Analysis on Pay Equity. Using existing data, DOL will publish an annual report on pay differences by gender. The purpose of this easy-to-access report will be to highlight the important issue of wage disparities.

- Memorandum Of Understanding (MOU) Between EEOC and DOL. EEOC and DOL are developing an MOU to train each other's staff on pay issues, to refer potential violations to the applicable EEOC or DOL office for appropriate action, and to permit the DOL's Office of Federal Contractor Compliance Programs (OFCCP) to serve as the EEOC's agent for purposes of collecting damages that are not otherwise collectible by OFCCP, including relief for intentional discrimination under Title VII of the Civil Rights Act of 1964.

- Federal Contractor Best Practices. DOL will publicize successful programs of federal contractors by placing them on DOL's web site.

- 10-Step Voluntary Self-Audit for Businesses and Employees. Although some employers intentionally discriminate, others may unintentionally do so. To help those employers who would like to improve their pay and hiring practices, DOL will place on the Internet a 10-step package that would give companies guidelines in determining whether they offer equal pay, hiring, and promotional opportunities. A similar checklist for employees, to help them determine if they are being paid equitably, will also be placed on the Internet.

- 10-Step Voluntary Self-Audit for Agencies. To make the federal government a "model" employer, federal agencies will take a 10-step self-audit, similar to the one described above, and use these results to monitor their efforts on equal pay.

- Guide to Recruitment and Retention of Women in the Federal Government. OPM will publish a new Guide on Recruitment and Retention of Women in the Federal Government, which contains information to make agency managers aware of career opportunities for women and to provide guidance on recruitment and career development for women.

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

THE PRESIDENT HAS SEEN
4-6-98

March 23, 1998

'98 MAR 24 AM 11:47

Copied
McGinty
Stein
COS

MEMORANDUM FOR THE PRESIDENT
THE VICE-PRESIDENT

CC: ERSKINE BOWLES

FROM: KATHLEEN A. McGINTY wpn for KAM
LAWRENCE J. STEIN gam for LJS

SUBJECT: DECISION REGARDING TIMBER RIDER ON SENATE SUPPLEMENTAL APPROPRIATIONS BILL

Senator Larry Craig (R-Idaho) has attached a timber rider on the Senate Supplemental Appropriations bill for FY 1998. The rider would seriously undermine the proposal by Forest Service Chief Mike Dombeck to suspend temporarily new road building in roadless areas of national forests and to develop a long-range plan to address the $10 billion maintenance backlog and environmental harm caused by the present road system. We are hearing rumors that Congressman Don Young (R-Alaska) will try to offer a companion rider in the House.

From the perspective of the Chief of the Forest Service, letting a rider go that shoots at one of our most visible attempts at national forest policy since the expiration of the unfortunate 1995 timber rider would be disastrous. The symbolic message to many would be that this Administration ultimately cannot be successful at reforming the Forest Service. The furor over this rider will be like that caused by the earlier timber rider, with the additional cry that we hadn't learned our lesson the first time.

There are concerns, however, that strong opposition to this provision (or any other) could set off Chairman Stevens and jeopardize the entire deal for funding the IMF and Bosnia. Whether or not opposition to the Craig amendment is stated strongly at this time, or whether the issue is handled more quietly behind the scenes later, the question will arise inevitably as to whether there would be a Presidential veto of this bill over this issue.

Substantively, the rider promises to lead to more litigation, delay, and expense for the national forest system. It would require substitute timber for any timber sales that are scheduled and that do not go forward, regardless of whether they are sales to which any company has a legal right and regardless of whether they are sales affected by the moratorium. It would also require payment to counties for sales that did not go forward, rather than adopting our proposal (included in your FY 1999 budget) to delink payments to counties from the levels of timber harvest that would put the counties on a more stable, predictable course.

Because the Craig provision is a new proposal -- added with no hearings or public discussion of any kind -- it is not yet clear where all of the votes would be in support of an effort opposing it. However, there is recent voting history on the issue of timber roads in both the House and Senate. Amendments to the Interior Appropriations Bill for FY 1998 that would have ended timber roads subsidies almost won outright (in the House, the Porter-Kennedy proposal lost 211-209 and the Bryan amendment failed to pass on a tie vote).

In fact, there is a substantial history on timber votes on appropriations bills (this is the fifth under the Republican Congress) that give us an idea where the votes may be. The original timber rider in the FY 1995 Rescissions Bill was accepted by the Administration even though an amendment by Senator Murray almost struck it from the bill. Congress passed several anti-timber proposals in the FY 1997 appropriations bills, helping to trigger the government shutdown, but dropped them after Presidential vetoes. Last year in the FY 1997 Emergency Supplemental Appropriations, a Stevens proposal for building roads through public lands was almost defeated by a Bumpers amendment (51-49) and was dropped following a Presidential veto.

The immediate issue for decision is how to play the timber issue in the Supplemental Appropriations bill. You should also know that the bill contains at least one other serious anti-environmental rider that would override a National Park Service management decision in Petroglyph National Monument and direct the construction of a highway running through the Monument to facilitate commuting from Albuquerque to the suburbs. Environmentalists and Native Americans are urging us very intensely to help them on these issues.

Because support is tenuous for the pressing priorities of IMF funding and resources for our troops in Bosnia and Iraq, many of your senior advisors strongly caution that a tough stand on these extraneous provisions could sink the Supplemental entirely. In that event, they warn further that there is little or no hope that support could be mustered for a second try to secure clean passage. Moreover, it should be pointed out that the Department of Defense (DOD) was not at the table at a meeting convened by Erskine on these matters this afternoon. DOD would most certainly want to have underscored their grave concerns with regard to any actions that would imperil their proposed resources for Bosnia and Iraq.

There is agreement among advisors that we should try to remove the anti-environmental provisions if we can and to support amendments that would either succeed in striking these provisions or give us a sense of our degree of strength if they don't. If we are forced to answer the question concerning a veto later in the process, we can do it during conference. However, at that point the senior advisors would probably be divided, with Defense advising against a veto and environmental advisors supporting it.

Issue: If the Supplemental were passed securing your IMF, Bosnia, and Iraq priorities, but with these objectionable riders, would you be inclined to veto the bill?

Yes ✓_______ No__________ Discuss__________

THE PRESIDENT HAS SEEN
4-6-98
'98 MAR 31 PM6:22

Have BL
determine who

THE WHITE HOUSE

WASHINGTON

March 31, 1998

MEMORANDUM TO THE PRESIDENT (via Erskine Bowles)

FROM: Charles F.C. Ruff, Bruce Lindsey, Jonathan Yarowsky, Melanne Verveer, Charles Burson, Eldie Acheson and Sarah Wilson

SUBJECT: **Decision Memorandum -- Central District of California**

This memorandum seeks your final approval to nominate Nora M. Manella to be United States District Judge for the Central District of California. Manella has completed the review process at the White House, Justice Department, ABA and FBI. We recommend that you approve her nomination at this time.

Nora M. Manella, Central District of California

Manella, 47, is the United States Attorney for the Central District of California, a position to which you appointed her in 1994. She received a B.A. degree from Wellesley College (1972), and a J.D. degree from the University of Southern California Law School (1975). Following law school, Manella clerked for Judge John Minor Wisdom of the Fifth Circuit Court of Appeals. From 1976 to 1978, she was Legal Counsel to the Subcommittee on the Constitution of the U.S. Senate Judiciary Committee. In 1982, she joined the law firm of O'Melveny & Myers as a litigation associate. Before her appointment as United States Attorney, Manella served as an assistant United States Attorney for the Central District of California; as a Judge for the Los Angeles Municipal Court (1990-1992); and as a Judge for the Los Angeles Superior Court (1992-1994).

The American Bar Association has preliminarily rated Manella well-qualified for appointment to this position. Manella was recommended to you by Senator Feinstein. Senator Boxer has been consulted regarding this nomination and has indicated her strong support for Manella's appointment to the bench.

Phil -
Who should be copied
on this?

Podesta
Chuck Ruff
BL

THE PRESIDENT HAS SEEN
4-6-98

CENTER FOR
MIDDLE EAST PEACE
& ECONOMIC COOPERATION
633 PENNSYLVANIA AVENUE, NW • FIFTH FLOOR • WASHINGTON, DC 20004 • (202)624-0850 • FAX (202)624-0855 • www.centerpeace.org

S. DANIEL ABRAHAM
CHAIRMAN

WAYNE OWENS
PRESIDENT

April 6, 1998

President Bill Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C.

By Hand

Dear Mr. President:

We fully support your strongest efforts to bring peace to the Middle East…whatever that takes. Peace between Israel and the Arab people is worth the effort and worth the price.

Warmest regards,

Dan

S. Daniel Abraham

4-8-98

Send to Burkhard?

Yes ✓

no

Ask Delgovell Mobile if response is necessary.
Coordinate w/ NSC ✓

Yes

no

4-6-98

THE WHITE HOUSE

WASHINGTON

March 27, 1998

MR. PRESIDENT:

Attached for your approval is a letter that will be sent to Sens. Lott and Daschle and Reps. Gingrich and Gephardt on the transportation bill. Gene Sperling and Frank Raines have both signed off on it.

If you approve it, I will have it executed on your behalf. It will be released Saturday in advance of the Sunday shows.

✓ Approve __ Approve w/ edits __ Disapprove __ Discuss

Phil Caplan Phil

OK - of the 2 bills
looks like Senate
is far better from
priorities - what
do we hope to achieve
by this - passed almost
unanimously

BC

4/7/98

Phil -

Do we need to
send copies to anyone?

Yes ✓

No ______

Erskine
Gene
Frank Raines
Larry Stein

THE WHITE HOUSE

WASHINGTON

Cape Town

March 27, 1998

The Honorable Trent Lott
Majority Leader
United States Senate
Washington, D.C. 20510

Dear Mr. Leader:

Since taking office in 1993, my Administration has made a commitment to both fiscal discipline and the strategic investments we need to lay the foundation for a strong and healthy economic future. Our initiatives have helped produce economic conditions never imagined when I first took office. We have reduced the budget deficit from $290 billion in 1993, and may realize a potential surplus in 1998, reaching balance years before our target date. We now enjoy low unemployment, modest inflation, sustained economic growth and a level of prosperity that is a model for other countries.

Our economic policy has always demonstrated our commitment to public investments in our people to complement our commitment in private investments, fueled by successful deficit reduction. Our priorities have always included a combination of vital investments in children's education, training, environment, community empowerment, and research as well as new investments in infrastructure and transportation.

Certainly investing in a reliable, efficient, and a well-constructed system of highway and mass transit is an important domestic priority and critical to our economic success. In fact, the budget I submitted this year asks for 40 percent more for transportation than the average annual expenditure in the previous administration.

However, I have serious concerns that the extent of proposed new spending in this transportation bill goes too far and could threaten both our fiscal discipline and vital investments in children's education, training, environment, community empowerment, and research. Transportation is crucial, but it must be balanced with our national imperative to strengthen education and invest in our people.

We should not and need not reject fiscal discipline or force cuts in critical programs on which our citizens and country rely to build a strong America in the 21st century. If we show a balance of our values as we reach a truly balanced budget, we can maintain fiscal discipline while maintaining strong investments in both our people and our physical infrastructure.

Sincerely,

4-6-98

THE WHITE HOUSE

WASHINGTON

April 4, 1998

MR. PRESIDENT:

Attached are the following weekly reports:

(A) **Weekly Economic Briefing**

(B) **Interest Rates and the Stock Market (CEA) and Update on Emerging Markets (Treasury)**

(C) **Emanuel Report**

(D) **DPC Report** (covers the past two weeks)

(E) **NEC Report** (covers the past two weeks)

(F) **CEQ Report**

(G) **Climate Change Report** (two reports)

(H) **OSTP Report**

(I) **Communications Report** (covers the past two weeks)

(J) **Public Liaison Report**

(K) **Intergovernmental Report**

(L) **Race Initiative Report**

(M) **Cabinet Affairs Report**

(N) **Political Report** (covers the past two weeks)

Phil Caplan Phil

Tab A: Yellen/COS
page 2 - Stern/Sperling/COS
page 4 - Sperling/COS
page 7 - Sperling/COS

Tab C: Emanuel/COS
Tab D: Reed/Kagan/COS
Tab E: Sperling/COS
Tab F: McGinty/COS
Tab G: Stern/COS (both memos)
Tab H: Gibbons/COS
Tab J: Echaveste/COS
Tab K: Ibarra/COS - Frank Raines - Jack Lew
Tab N: Smith/COS

TAB M - Marsh
p. 10 - 11

Tab A

4-6-98

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

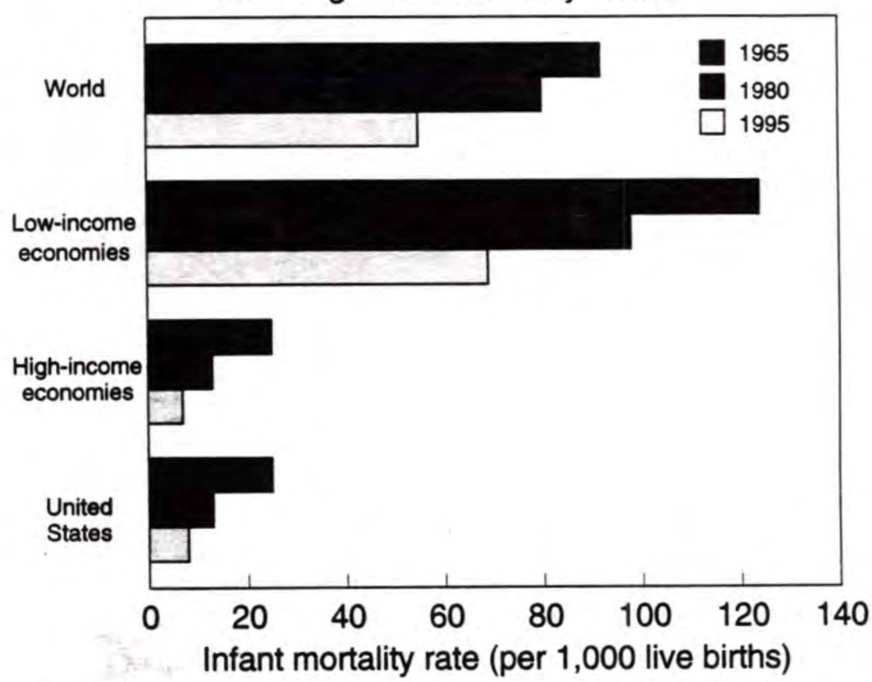
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

April 3, 1998

Copied entire report Yellen/COS
page 2 - Stern/Sperling/COS
page 4 - Sperling/COS
page 7 - Sperling/COS

CHART OF THE WEEK

Declining Infant Mortality Rates



World Bank estimates show that the decline in the world infant mortality rate showed no sign of slowing in the period from 1980 to 1995. Although infant death rates remain very high in some countries, they fell broadly across low-income countries over the past 15 years: by about 20 percent in sub-Saharan Africa; by 30 to 40 percent in East Asia, South Asia, and Latin America; and by about 45 percent in the Middle East/North Africa.

CONTENTS

"Do you have a minute to talk about your retirement years?"

TREND

Are the Rich Getting Less Generous?

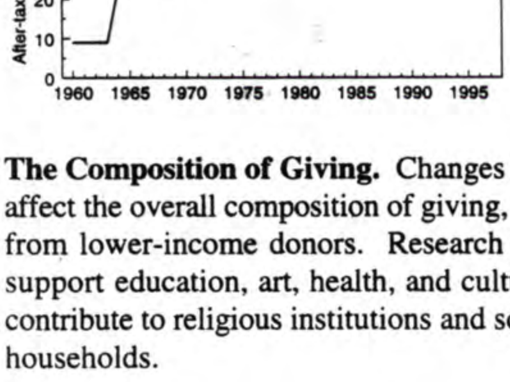
A recent study finds that the richest 1 percent of taxpayers in 1994 gave a smaller share of their income to charity than their 1979 counterparts. A key explanation may be changes in the tax advantages of charitable donations.

Trends. Although the share of personal income given to charity by the richest 1 percent of taxpayers increased from 3.3 percent in 1991 to 3.5 percent in 1994, it remains well below the 4.1 percent given in 1979. By contrast, giving by all individuals has remained roughly constant at around 2 percent of personal income. Although the rich are giving a smaller share of their income to charity than they used to, their contributions nevertheless represented a larger share of total charitable donations in 1994 than in 1979—because their share of total income has increased by over 50 percent since 1979.

Analysis. Youth and taxes are two possible explanations for the decline in charitable contributions by the wealthy.

- Youth. A recent study finds that those with very high incomes were, on average, younger in 1989 than in 1979. It also finds that charitable contributions are higher for older individuals.

- Taxes. A number of recent changes in the tax code have affected the after-tax cost of charitable contributions, especially changes in marginal tax rates. Reductions in the marginal tax rate for the top income bracket enacted in 1981 and 1986 have increased the effective "price" of charitable donations; increases enacted in 1993 subsequently lowered this price a bit (see chart). Two recent studies estimated that charitable donations decrease by between 5 and 9.5 percent for every 10 percent increase in their price. (Older studies find larger effects.) And charitable giving by the rich appears to be more sensitive to taxes than that of lower-income households.



The Composition of Giving. Changes in the share of charitable giving by the rich affect the overall composition of giving, because the rich have different preferences from lower-income donors. Research has found that the rich are more likely to support education, art, health, and cultural institutions, and they are less likely to contribute to religious institutions and social services compared with lower-income households.

4-6-98

SPECIAL ANALYSIS

Opportunities for Mutually Beneficial Trade in Emissions Permits with Developing Countries

Many observers worry that it will be difficult to entice developing countries to accept binding targets for greenhouse gas emissions under the Kyoto agreement. But evidence on compliance cost differences between industrialized and developing countries suggests that, with the right emissions targets for developing countries, both they and industrialized countries can gain from trade in international permit markets.

copied Stern Sperling COS

Gains from targets and trade. An analysis conducted prior to Kyoto found that developing countries would gain if they adopted greenhouse gas emissions targets slightly below their business-as-usual (BAU) levels. The gains come about because developing countries have per-ton reduction costs substantially below those of industrialized countries. This difference allows them to sell tradable permits to industrialized countries and thereby earn billions of dollars over and above their emissions reduction costs. Industrialized countries would also gain, because the permits let them avoid more costly domestic emissions reductions.

A CEA analysis of the Kyoto agreement finds results similar to this earlier work. During the initial 2008-2012 commitment period, for example, estimates of annual gains from trade are roughly $900 million for Mexico, $1.6 billion for India, or $3.6 billion for China, if each alone were to adopt a target set at its BAU emissions level and trade permits with industrialized countries. The cost to the United States of meeting the Kyoto commitments would fall with such participation; for example, Chinese participation alone would reduce U.S. compliance costs by an estimated $12 billion (see box on next page).

Environmental benefits. These estimates of gains from trade reflect binding emissions targets for developing countries at the BAU level. Targets slightly below BAU would provide climate benefits from reduced carbon emissions and preserve most of the gains from trade. Reducing carbon emissions through this "target and trade" approach has the additional environmental benefit of reducing emissions of local air pollutants in developing countries.

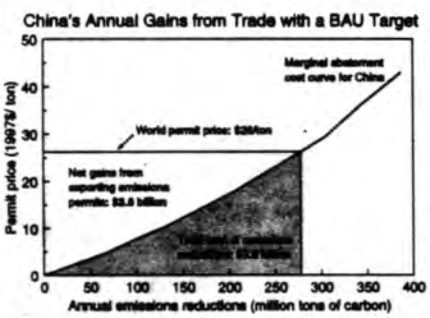
Allaying competitiveness concerns. Adoption of targets even at BAU levels by developing countries would result in carbon permit prices and energy price increases that are the same in these countries as in the United States. With comparable energy price changes, the Kyoto agreement would leave the competitive playing field level among all countries with targets, alleviating concern that energy-intensive industries would flee to developing countries.

Uncertainty about BAU emissions levels. Uncertainty about future economic growth and technological improvements implies that a developing country's emissions in the absence of a binding target may exceed or fall short of a BAU forecast. For example, if economic growth is unexpectedly high, the target would turn out to be inadvertently stringent. The costs of such stringency may underlie developing countries' concern that targets may hinder economic growth and may explain their reluctance to adopt targets. Similarly, if economic growth is unexpectedly low, developing country targets could turn out to be too lax. Developing countries could then sell emissions permits abroad without achieving real reductions, thereby increasing global emissions. One way to reduce the risks of inadvertent stringency or increases in global emissions would be to make targets contingent on economic growth between now and 2007.

Conclusion. Differences in the costs of controlling carbon emissions between developed and developing countries make it possible for developing countries to gain from accepting emissions targets and participating in international permit markets. Such participation could generate cost savings for the United States and address concerns about competitiveness. These gains are similar to those realized through international agreements to liberalize trade in goods and services such as NAFTA and the Uruguay Round.

Chinese Participation: An Illustration

Analysis suggests that if China adopts an emissions target set at its business-as-usual (BAU) level and participates in international permit markets, the world permit price would fall by about half, to $26 per ton. At this permit price, the Chinese could profitably reduce their carbon emissions by approximately 275 million tons per year (see chart), selling unused emissions permits to industrialized countries and earning $7.2 billion annually in revenue (the rectangle in the chart). Subtracting the cost of reducing emissions, approximately $3.6 billion per year (the shaded area), leaves China with a net gain of about $3.6 billion per year. The gains to the United States from the permit price decrease would amount to about $12 billion per year.



Gene —
Our review of EEA
should be done to
(did the '83 Reform
which raised
full eligibility
to 67 also reduce
EEA?)
by 2 yrs
with

ARTICLE

Who Retires Early and Why?

One of the most striking changes in retirement behavior over the past few decades has been the dramatic increase in the percent of workers who choose to receive reduced Social Security benefits at the Earliest Eligibility Age (EEA) of 62 rather than full benefits at age 65 (see chart). This trend has led some to argue that increasing the EEA should be part of any Social Security reform plan in order to keep productive workers in the labor force longer. But would such a change hurt substantial numbers of workers who have strong reasons to retire early, such as health problems or a growing inability to perform a physically demanding job?

Trends. Women became eligible to claim Social Security benefits at an EEA of 62 in 1956, and men became eligible in 1961. In 1962, only about 18 percent of eligible workers chose to begin receiving benefits at age 62. Today, that figure has risen to 60 percent. This decline in the age of retirement has occurred at the same time that life expectancies at age 62 have increased, from 16.5 years in 1962 to almost 20 years today. Taken together, these two trends have substantially increased the number of years the typical retiree can expect to spend in retirement.

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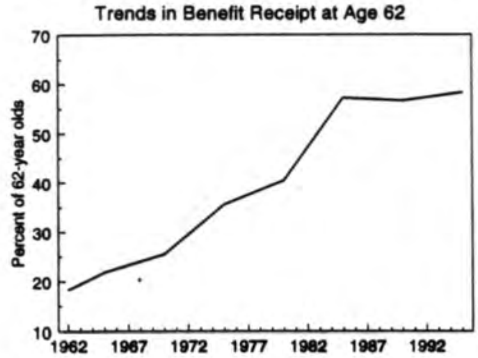
Sperling
Cos

Trends in Benefit Receipt at Age 62



Job characteristics and early retirement. One study identified several unsurprising factors that influence workers to plan on retiring early, including eligibility for an early-retirement private pension, ability to obtain health insurance through a former employer, and poor health. But the study also reached several surprising conclusions.

- Physical demands. The extent to which a job was physically demanding had little impact on whether a worker planned to retire early, after taking into account the worker's pension rights and health status. One reason may be that those for whom physical demands are a problem may have already switched to another job before reaching retirement age. Physically demanding jobs also appear to be more likely to offer early-retirement pensions. Thus, an empirical study might attribute the early-retirement decision to the availability of the pension rather than to the fact that the physical demands of the job caused the employer to offer the pension to begin with.

- Flexibility. Workers with more job flexibility were less likely to plan to retire early (where "flexibility" means the ability to choose how many hours to work or the opportunity to move to a less demanding job with the same employer).

- Social norms. Workers who said that the "usual" retirement age for their job was 62 or younger were much more likely to plan early retirement, even controlling for other aspects of the job and the worker.

Health and retirement. The empirical relationship between health status and early retirement is less surprising. Although the great majority of those who retire early apparently do so for reasons unrelated to health, the 11 percent of workers who *are* in "fair" or "poor" health at age 60-61 are much more likely to retire at age 62 than similar workers in "good" or "excellent" health. Furthermore, many workers with poor health withdraw from the labor force even before age 61.

Implications for Social Security reform. The 1983 Social Security reform included a gradual increase to age 67 in the Normal Retirement Age (NRA, the age at which full benefits are available), but the EEA was kept at 62, with corresponding reductions in early retirement benefits as the NRA increases. Some current reform proposals partially address the actuarial imbalance in Social Security by speeding up the currently scheduled increase in the NRA or by partially indexing the NRA so that it automatically increases as life expectancy rises.

In contrast to an increase in the NRA, an increase in the EEA would have only a modest impact on Social Security's actuarial balance, because those who retire early receive correspondingly lower benefits. Of course, an increase in the EEA would have a larger positive effect on overall revenues, because the government would continue to receive other employment-related taxes from those who remained in the workforce. Although health at age 62 is likely to continue to improve, increasing the EEA would undoubtedly adversely affect some workers in poor health who would strongly prefer to retire early. While some of those with substantial health problems could claim disability benefits, many such workers might not be sufficiently impaired to qualify for disability benefits and therefore, if they lack substantial assets, would either have to keep working or live in reduced circumstances until eligible for Social Security.

THE PRESIDENT HAS SEEN
4-6-98

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Treasury Study Calculates Substantial Economic Costs of Smoking. Smoking imposes direct and measurable costs on the U.S. economy of about $130 billion per year, according to a new study from the Treasury Department. These costs include higher medical expenditures, lost output from earlier death and retirement among smokers, the costs of smoking during pregnancy, and external costs such as fires caused by smoking. The study points out that including indirect and more difficult-to-measure costs such as lower wages earned by smokers and reduced life expectancy could double or even triple the estimated costs. The Treasury calculation departs from previous estimates of the economic costs of smoking by including the costs borne by smokers. Previous studies have excluded these costs under the assumption that individual smokers choose to bear them. The Treasury study argues that costs to smokers should be included, because smoking is addictive and not a conscious choice for many smokers. Achieving a 60 percent reduction in youth smoking through a comprehensive tobacco settlement would reduce direct smoking-related costs by $78 billion per year in the long run, based on the Treasury's cost estimates.

Florida Welfare Recipients Begin to Hit Time Limits. A small number of welfare recipients in Florida's Family Transition Program (FTP) recently became the first in the Nation to reach time limits on the receipt of cash welfare benefits. The FTP, begun in 1994 under the Federal waiver program, limits 60 percent of participants to 24 months on welfare and the remaining 40 percent (those facing the greatest barriers to employment) to 36 months on welfare. The program also provides enhanced employment and training services, transitional child care for families leaving welfare, and significant work incentives. A new evaluation shows that after 33 months of the program, only a few FTP participants had exhausted their 24 months of cash assistance. While, on average, these families' incomes were somewhat lower in the sixth month after losing benefits than they had been in their final month on welfare, most of these families still had monthly earnings that were greater than a standard welfare grant, and they were no more likely to be experiencing serious material hardship than during their last month on welfare. Although initial results indicate that the FTP has been fairly successful in reducing welfare caseloads without imposing severe hardship on time-limited families, evaluators caution that more time is needed to assess the long-term effects of the time limits. Particularly as the harder-to-employ participants begin to reach their 36-month time limits, the average earnings and incomes of participants who exhaust their benefits may decline.

Fodder for the Internet Universal Service Debate. A recent study provides information on the availability of cheap Internet access in different geographic areas as of spring 1997. The study finds that the commercial Internet Service Provider (ISP) market comprises thousands of small, geographically dispersed local markets that differ widely in their structure, from competitive to unserved. The study reports that just under three-fourths of the U.S. population has easy access to four or more ISPs, but about 13 percent live in counties with no local ISP.

4-6-98

INTERNATIONAL ROUNDUP

cc: Gene S

Canada to Invest Social Security Funds in the Stock Market. Legislation establishing a governing board to oversee equity investment by Canada's pension funds (social security) went into effect April 1, as part of a general overhaul designed to keep the system solvent. Earlier this year, the country also trimmed some benefits and raised payroll taxes. Although concerns have been expressed that stock investments could place retirement income at risk, the system will remain predominantly "pay-as-you-go," with current contributions financing current pensions. Equity investment raises a number of other issues that the Canadian government has tried to address. One is the role of the government as a large market player and the possibility of market manipulation. The fund governors, as large shareholders, would potentially be in a position to pressure corporations or invest in personally or politically favored ventures. Fund managers could be open to criticism and second-guessing on investment policy. To avoid destabilizing effects from flooding the market with new capital, the government has ordered the fund to mirror the stock holdings of major market indexes.

copied Sperling cos

Bank Stocks Fall As Japan Witnesses Its Big Bang. Japan's program of financial deregulation was launched April 1, at the start of the country's 1998 fiscal year. Designed to boost Tokyo as a global financial capital by emulating London's "Big Bang" in 1986, the deregulation will further liberalize foreign exchange controls and policies on brokerage commissions. In the short term the move will put pressure on banks and brokers, but it should enhance the long-run efficiency of the Japanese economy. The move comes at a time when the banks' already weak capital bases have been further eroded by newly reported losses from bad loans estimated to be more than $77 billion.

IMF Report Assesses Global Balance of Payments Accounts Discrepancies. In principle, the world current and capital accounts should each sum to zero because one country's credits are another's debits. In practice, however, sizable statistical discrepancies are evident in the global balance of payments data. These primarily reflect incomplete coverage and inaccurate recording of cross-border transactions by some countries (for example, due to smuggling). The 1997 Annual Report of the IMF Committee on Balance of Payments Statistics finds that global current account statistics show an overall deficit of more than $40 billion in 1996, in line with the previous 2 years, but well below those earlier in the decade. This reduction is due in part to a large increase in the goods trade surplus discrepancy since 1993, which has offset some of the large recorded deficits in income payments and transfers. Since 1993, the discrepancy in goods transactions averaged just over 1 percent of the gross value of exports and imports.

RELEASES THIS WEEK

Employment and Unemployment
****Embargoed until 8:30 a.m., Friday, April 3, 1998****

In March, the unemployment rate was 4.7 percent; it was 4.6 percent in February. Nonfarm payroll employment fell by 36,000.

Leading Indicators

In February, the composite index of leading indicators increased 0.4 percent.

NAPM Report on Business

The Purchasing Managers' Index increased to 54.8 percent in March from 53.3 percent in February.

Consumer Confidence

Consumer confidence, as measured by The Conference Board, fell 3.1 index points in March, to 134.3 (1985=100).

MAJOR RELEASES NEXT WEEK

Producer Prices (Thursday)

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
Nonfarm business (NFB) sector:					
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	Jan. 1998	Feb. 1998	March 1998
Unemployment Rate	6.7**	4.9**	4.7	4.6	**4.7**
Payroll employment (thousands)					
increase per month			**399**	**252**	**-36**
increase since Jan. 1993					**14965**
Inflation (percent per period)					
CPI	5.8	1.7	0.0	0.1	N.A.
PPI-Finished goods	5.0	-1.2	-0.7	-0.1	N.A.

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

New or revised data in **boldface.**
Employment and unemployment data **embargoed until 8:30 a.m., Friday, April 3, 1998.**

FINANCIAL STATISTICS

	1996	1997	Feb. 1998	March 1998	April 2, 1998
Dow-Jones Industrial Average	5743	7441	8324	8709	8987
Interest Rates					
3-month T-bill	5.01	5.06	5.09	5.03	4.97
10-year T-bond	6.44	6.35	5.57	5.65	5.56
Mortgage rate, 30-year fixed	7.80	7.60	7.04	7.13	7.15
Prime rate	8.27	8.44	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	**Current level April 2, 1998**	**Percent Change from Week ago**	**Year ago**
Deutschemark-Dollar	1.852	1.6	10.5
Yen-Dollar	133.5	3.7	8.8
Multilateral $ (Mar. 1973=100)	101.8	1.8	7.5

International Comparisons	**Real GDP growth (last 4 quarters)**	**Unemployment rate**	**CPI inflation (last 12 months)**
United States	3.7 (Q4)	4.7 (Mar)	1.4 (Feb)
Canada	4.2 (Q4)	8.9 (Jan)	1.2 (Feb)
Japan	-0.2 (Q4)	3.5 (Jan)	1.8 (Feb)
France	3.2 (Q4)	12.2 (Jan)	0.7 (Feb)
Germany	2.3 (Q4)	7.8 (Nov)	1.1 (Feb)
Italy	2.8 (Q4)	12.3 (Oct)	1.8 (Feb)
United Kingdom	2.9 (Q4)	6.4 (Jan)	3.4 (Feb)

U.S. unemployment data **embargoed until 8:30 a.m., Friday, April 3, 1998.**

Tab C

'98 APR 4 PM 2:12

THE WHITE HOUSE

WASHINGTON

4-6-98

April 3, 1998

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Emanuel
COS

MEMORANDUM TO: THE CHIEF OF STAFF

FROM: RAHM EMANUEL

SUBJECT: WEEKLY REPORT

CRIME: On Monday the President will announce the final decision concerning the importation of modified assault weapons. The recommendation from ATF and Justice is sweeping. The Administration will ban all 55 weapons. The event will include the Attorney General, Secretary Rubin and a number of police officers. I believe our decision will be contested immediately by the NRA. Even though we have had to wait for this report, I believe the event Monday will be worth the wait.

This week I spoke to Bob Walker from Handgun Control about a child-proof gun called Smart Gun. Handgun Control approves of these guns and believes that the NRA will not have a problem with them. There is technology now available that links access to the trigger with finger prints. I want to start working on a Presidential initiative that would call for "Child Proof Guns" by the year 2000.

SCHOOL VIOLENCE: The President is scheduled to release a major new study from the Departments of Justice and Education on school violence. The study compares data from 1989 and 1995. It shows an increase in gang and gun violence in schools. I have asked the Departments to provide funding or other possible announcements for the President to make in conjunction with the report.

agn

In two weeks the Attorney General will be convening a meeting of experts on youth behavior and school violence. Rather than wait for the report out of this meeting, I would like to explore the possibility of the President inviting the group to the White House for a briefing or conference.

agn

Although the above announcements are important and popular initiatives, we are beginning to lose our cultural and value based credentials. Stan Greenberg recently completed a field study for Emily's List that revealed a real loss for the President on a number of cultural and value based questions. His believes the progress we made in 1996, leading up to the election, has been lost. He also does not think that tobacco alone can make up this loss. I raise this with you because cultural questions and moral concerns will play a big, if not a bigger, role than issues in the 1998 elections..

4-6-98

TOBACCO: As I mentioned to you this morning, John, Bruce and I had a very good meeting on the Hill with Senator Daschle's and Congressman Gephardt's staff. In short, I believe the House and Senate will have two different communications strategies. Over the next six weeks we will work in tandem with the Senate Democrats focusing on the area of penalties and other changes we want in the legislation. We want to establish broad goals rather than specific amendments.

The House Democrats, really on their own, are taking the issue to the Speaker and challenging his ability to get anything done. In addition to this message, the House Democrats should be reaching out to the moderate Republicans. This bipartisan effort will only enrage the right wing in the GOP caucus.

On a separate note, the Speaker's legislative failures in the last two weeks are great politics for the House Democrats, but point out the difficulty we are going to have in accomplishing anything this year. We are living in the Post-Gingrich era without an apparent heir. You can see the politics of this situation manifested in issues like IMF and tobacco.

FRAUD: Right before the President's trip to Africa, there was a GAO report on fraud in the Social Security program concerning prisoners receiving benefits. The Social Security Administration had identified the problem and had already begun to tackle it. I have asked Gene and Bruce to pull a meeting together with OMB and Agriculture to expand the program to include food stamps. I believe we can make a real dent on the fraud front.

Good

PRESS: I would like to propose that we once again schedule "off the record" sessions between the President and individual reporters. This was helpful in the past and I believe will be helpful as we gear up for a difficult legislative year.

OK

I also think it is time to schedule a press conference for the President. He knows how to answer the Starr questions, by not answering them, and the press will eventually move on to substance. In addition, repeated scandal questions by the press will only show the public that they are determined to focus on scandal while the President is determined to focus on issues.

OK

CONGRESS: I mentioned this to you the other day, but I think it is imperative to schedule a bipartisan meeting of the leadership as soon as possible. It is important to have a picture of the President working with members of congress and exerting his leadership.

OTHER: Senator Glenn will be preparing for his flight at the training facility in Houston at the same time the President is in Houston. Senator Glenn has invited the President to visit him at the training site and I want to suggest that we do so. It would be a great photo and a way for the President to show his support for Senator Glenn's mission.

Great idea!!

Tab D

4-6-98

THE WHITE HOUSE

WASHINGTON

'98 APR 4 PM3:51

Copied
Reed
Kagan
COS

April 4, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Tobacco -- Next Steps: Following the Senate Commerce Committee's 19-1 vote in favor of tobacco legislation, Senators Lott and McCain indicated that the bill probably will go to the floor during the week of May 18, just prior to the Memorial Day recess. We understand that they want to have some kind of leadership agreement in place before bringing the bill to the floor, and we think such an agreement is in our interest as well. We are inclined to propose a budget-like process involving Lott, Daschle, McCain, and Hollings. In the meantime, we will meet with Daschle's staff to discuss our priorities for strengthening the legislation; work with McCain's staff to incorporate technical changes in a manager's amendment; and try to persuade a bipartisan coalition to introduce the McCain bill in the House in order to generate momentum there.

2. Tobacco -- Study on Teen Tobacco Use: On April 2, in conjunction with Kick Butts Day, the CDC released a new study ("Tobacco Use Among High School Students -- United States 1997") which found that cigarette smoking rates among high school students rose by nearly a third between 1991 and 1997, from 27.5 percent to 36.4 percent. Cigarette smoking was highest among white students, rising by slightly more than a quarter, from 31 percent in 1991 to 40 percent last year. The level of cigarette smoking among African-American students was lower than for whites, but increased by a full 80 percent, from 12.6 percent to 22.7 percent. In the first-ever measure of teen use of all tobacco products, the study found that 43 percent of high school students -- nearly half of male students and more than a third of female students -- used cigarettes, cigars, or smokeless tobacco during the previous month. The 1997 data was derived from a survey of over 16,000 students in grades 9-12.

3. Tobacco -- Farmers Legislation: You are currently scheduled to travel to tobacco country (probably Kentucky) on Thursday to discuss the need to protect tobacco farmers and their communities as part of comprehensive tobacco legislation. (Secretary Glickman went to Kentucky yesterday and got a good reception.) This trip will give you an opportunity to express strong support for the plan to protect tobacco farmers that is in Senator McCain's tobacco legislation. This plan, sponsored by Senators Ford and Hollings, attempts to address the needs of both burley and flue-cured tobacco farmers. It maintains a production control system for all tobacco farmers, with provisions for payment to the farmers if and to the extent that the national production level falls. For burley tobacco, the plan offers current quota holders a one-time opportunity to sell their quotas at a price of $8 per pound; for flue-cured tobacco, the plan requires all current quota holders to sell at this price, but then issues "permits," which serve much the same function as quotas but are inalienable, to those who actually grow tobacco. The bill also provides assistance to tobacco-producing communities. The entire package would cost $2.1 billion per year in the first ten years and $500 million in years 11-25 for a total of $28.5 billion. For the most part, tobacco farmers are pleased with the proposal included in the McCain legislation, far preferring it to Senator Lugar's alternative plan to buy out all quota holders at $8 per pound and discontinue any further tobacco supports.

4. Health -- Patients' Bill of Rights: The Democratic Leadership introduced its version of the patients' bill of rights last Tuesday in a ceremony attended by Secretary Herman. Your letter to the Leadership, which indicated strong support for the bill without outright endorsing it, was well received. The bill includes all the patient protections recommended by your Quality Commission. It also contains a strong enforcement provision, which would allow states to pass laws enabling individuals to bring damage suits in state courts for violations of these rights. (In the absence of this provision, the Employment Retirement Insurance Security Act (ERISA) would limit individuals to an action in federal court to compel provision of the health benefit at issue.) As you know, the business and insurer communities strongly oppose this enforcement provision on the ground that additional litigation against health plans will result in significantly increased costs. The business community also fears that this provision would set a precedent for allowing states to add to the remedies provided in ERISA in areas other than health care (e.g., pensions). The legislation also includes a compromise "whistleblower protection" provision that is acceptable to the labor community while not raising serious objections from the hospital community. We helped Congressman Dingell and Senator Kennedy draft this compromise provision.

√ **5. Health -- Children's Health Insurance:** Last Wednesday marked the sixth-month anniversary of the new Children's Health Insurance Program (CHIP). To mark the occasion, Secretary Shalala, in an event with Bruce and Gene, announced the approval of the New York and Illinois children's health plans. With these two approvals, eight states have now entered CHIP, providing health care coverage for more than one million children. At the event, we also released a DPC/NEC report on the rapid implementation of the new program. The report shows that an additional 15 states have submitted proposals to HHS to expand health care coverage and that virtually every other state has a process underway to submit a proposal. We anticipate approving Michigan's children's health program next week, possibly in conjunction with a children's health outreach event in which the First Lady is scheduled to participate.

Good √ **6. Health -- Provider Tax Legislation:** HHS sent legislation to the Hill on Thursday to give Secretary Shalala additional authority to limit the liability of states with illegal Medicaid provider taxes, as long as they agree to comply with the law in the future. As you recall, the issue of provider taxes came to the fore last fall after you line-item vetoed a provision of the Balanced Budget Act approving New York's use of provider taxes. At that time, we agreed to postpone bringing suit against non-complying states (including New York) until August, while we sought this legislation. Our efforts so far have not borne fruit, because (1) Members from states without provider taxes believe the Administration should seek reimbursement from non-complying states, and (2) Members from States with provider taxes (including New York, which just succeeded in getting your line item veto reversed) doubt that we will enforce provider tax rules in any event. We hope that sending up our own legislation will prompt Congress finally to address this issue, or at least demonstrate our own preference for less drastic remedies when we begin in August to initiate enforcement actions.

7. Crime -- Assault Weapons: In response to the directive you issued in November, the Treasury Department has decided to recommend halting the importation of five basic kinds of modified assault rifles (including AK-47s and Uzis), affecting over 50 specific models. The Department will say that these models do not comply with the "sporting purposes test" of the Gun Control Act of 1968 and thus cannot lawfully be imported. The Treasury recommendation recommends banning all the models you told the Department to study. We will leak the Treasury report to all major papers for Monday morning, and you will formally accept the recommendations that day at an event in the Rose Garden.

8. Safety -- .08 Law: The House Rules Committee decided last Tuesday not to allow a vote on the Lowey amendment to ISTEA legislation. As you know, this amendment would ensure that states adopt .08 blood alcohol content (BAC) as the standard for impaired driving. We held two press events at the White House with Administration officials and Rep. Lowey to continue our push for .08 legislation. In addition, your radio address this week includes a strong attack on the House action. Because the Senate adopted an identical .08 amendment by a 62-32 vote, we believe we stand a decent shot of ultimately prevailing on this issue.

9. Welfare Reform -- Federal Hiring Initiative: The Vice President will participate in an event on Thursday to mark the one-year anniversary of the Cabinet meeting in which you asked federal agencies to develop plans to hire welfare recipients. The initiative is proceeding well. Agencies have hired nearly 3,700 welfare recipients, putting them on track to meet the government-wide goal of 10,000 by the year 2000. The Vice President will announce these numbers, release an annual report (containing a brief message from you) that highlights agency accomplishments, and encourage companies that do business with the federal government to participate in the welfare-to-work effort. We have prepared letters to Cabinet members for your signature thanking them for their leadership on this issue and encouraging them to strengthen their efforts.

10. Welfare Reform -- APWA Resolution: The American Public Welfare Association passed a resolution last week urging Congress to enact the two welfare-related initiatives in your FY99 budget: the $100 million-per-year Access to Jobs welfare-to-work transportation initiative and the $283 million-per-year proposal to provide 50,000 welfare-to-work housing vouchers. The Access to Jobs initiative is now authorized at $150 million in both the House and the Senate ISTEA reauthorization bills, so prospects for this initiative look promising. Our housing voucher proposal is in more trouble. Although many in Congress support using housing vouchers to enhance welfare-to-work efforts, unrelated concerns about the Section 8 program will make getting funding for these vouchers an uphill fight. We are working with HUD, DOT, HHS, and DOL on a joint secretarial event to rally support for both initiatives in the appropriations process.

11. Welfare Reform -- Food Stamps for Legal Immigrants: Senator Lott has put a hold on an agricultural research bill reported out of conference last week because of provisions in the bill to restore food stamps to some legal immigrants. The Conference Committee agreed to use $818 million of a $1.9 billion reduction in the food stamp program's administrative costs to extend eligibility for food stamps to certain refugees, asylees, Hmong immigrants, disabled, elderly, and children. The package is less generous than your $2.5 billion food stamp proposal, most notably because it would cover only children in the United States on the date of enactment, whereas your proposal would cover both children and their parents, and regardless whether they are in the United States now or come in the future. But even this limited conference committee proposal (which the Administration fought hard for) outraged some Senate conservatives, who accused it of overriding the welfare law. And others, including Senator Lott, objected to the conference agreement because they want to use the entire $1.9 billion offset to fund transportation projects. We will work with OMB, Legislative Affairs, and Public Liaison to mount an effective opposition to Lott's decision.

12. Welfare Reform -- High Performance Bonus: Rep. Shaw has taken issue with our proposed formula for distributing high performance bonusess under TANF because it relies exclusively on measures relating to work (promoting job entry, job retention, and earnings gain), and does not include measures relating to family composition (e.g., increasing two-parent families and reducing out-of-wedlock births). We adopted this approach in light of (1) the difficulty of developing family formation criteria that fairly measure state performance, and (2) the existence of a separate bonus focused on illegitimacy. Shaw contends, however, that our proposal is odds with the purpose of the high performance bonus under the statute. We and HHS will meet with his staff and attempt to resolve this issue in an amicable manner.

13. Child Support -- Penalties Legislation: The Senate voted unanimously on Thursday for a bill to set realistic penalties for states' failure to put in place statewide computer systems to track parents who owe child support. The bill, which the House previously passed by a vote of 414-1, will soon come to you for signature. As you may recall, the legislation, which we helped to develop, sets penalties at four percent of federal child support funds in the first year of noncompliance, going up to a high of 20 percent in the fifth year and thereafter. The legislation further provides for a state to get a rebate of a portion of the penalties once HHS certifies its computer system.

14. Children and Families -- After-School Event: In response to a recent DPC memo on your education agenda, you indicated an interest in doing an after-school event. We are planning an event in May to: (1) announce the first grants of the Department of Education's new 21st Century Learning Centers Program; (2) release a joint report by the Departments of Justice and Education on the extent to which after-school programs reduce crime and improve school performance; and (3) name the pilot cities for the Administration's effort (announced as part of your child care initiative) to coordinate federal funding and oversight of after-school programs. This event could take place at a high quality after-school program (like the one at Temple University you suggested), or a program that will receive one of the new 21st Century Learning Centers grants. By showing how after-school programs can keep children safe and improve their school performance, the event should help to build support in the appropriations process for our proposed expansion of the 21st Century Program. The Department of Education and DPC are working closely with Senator Jeffords to ensure his strong advocacy of this proposal.

15. Education -- National Board for Professional Teaching Standards: We are working closely with Governor Hunt and the National Board to reverse the action of the House Education and Economic Opportunities Committee to eliminate the Board's federal funding. The Senate Labor and Human Resources Committee is scheduled to mark up the Higher Education Act this week, and we think we will be able to prevent the Committee from including a similar provision. Once the mark-up is complete, we believe that a high-profile veto threat would be an effective way to influence further Congressional action on this issue. Your scheduled event with the National Teacher of the Year on April 24, right after Congress reconvenes, would be a good time to issue this veto threat.

16. Political Reform -- Free Television Time: Chairman Kennard and key members of Congress agreed last week that the Federal Communications Commission (FCC) would put off issuing a Notice of Rulemaking to establish a system of free broadcasting time, and instead issue a simple Notice of Inquiry (NOI) to review the issue. This agreement, which was supported by all the major political reform groups, will forestall Congressional efforts to prevent the FCC from addressing the issue of free TV at all. The agreement also establishes a sensible timetable for implementing a free TV rule. Your Advisory Committee on Public Interest Obligations of Digital Television Broadcasters should finish its work this coming Fall; after that, the FCC can go forward with its rulemaking proceeding. If the Advisory Committee proposes a workable compromise between the broadcasters and the reformers, the prospects for a successful FCC rulemaking will increase significantly.

Tab E

4-6-98

THE WHITE HOUSE

WASHINGTON

April 3, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: **GENE SPERLING**

RE: **NEC WEEKLY REPORT**

cc: **ERSKINE BOWLES**

I apologize for the length of this "weekly report," but it reflects the many important activities of NEC issues which took place over the past ***two weeks.***

Electricity Restructuring: The Administration unveiled its electricity restructuring package -- jointly coordinated by the NEC and CEQ -- on Wednesday (3/25). I want to stress to you the degree that Secretary Pena should be complimented for being an extraordinary team player in the process that led to consensus and our proposal. As you know, our proposal is expected to save American consumers $20 billion a year and reduce carbon emissions from utilities by 25 to 40 million metric tons in 2010 (3 to 6 percent of utility emissions projected for that year, and 1 to 2 percent of total national emissions). The proposal received mixed reviews. A relatively positive *Wall Street Journal* article quoted Colorado Republican Dan Schaefer, a key player on this issue on the Hill, as calling the proposal a "meaningful step" in advancing electricity restructuring. And Enron Corporation was also very positive. But despite the inclusion of many crucial environmental provisions -- as well as the unleashing of competition, which Tom Casten of Trigen and others have argued should improve efficiency and thus reduce emissions -- some environmental groups criticized the absence of cap-and-trade authority for carbon in the proposal. Our response has been that we look forward to working with Congress to find the appropriate legislative vehicle for cap-and-trade authority, and that the electricity proposal as it stands is expected to reduce emissions. Lastly, on March 31st, somewhat later than originally expected California opened its retail electricity market to competition.

SAVER Summit and other savings education announcements: Deputy Secretary Larry Summers, Assistant Secretary Olena Berg, SEC Commissioner Laura Unger, Senator Baucus, Congressman Pomeroy, and I held a press conference on Thursday (3/26) to announce your package of savings education initiatives. We highlighted the need to increase the relatively low and declining private savings rate, the new elements of the Labor Department's retirement education campaign, and the SEC's major grassroots effort to educate investors, the "Facts on Saving and Investing Campaign," which took place this week. We also took the opportunity to announce the names of the 100 people who were jointly chosen by the Administration and the Democratic Congressional leadership to participate in the first National Summit on Retirement Income Savings -- the Republican leadership has named the remaining 100 participants. Representative Pomeroy's efforts on this issue were recognized and both he and Sen. Baucus spoke.

4-6-98

Kid's Health: On Wednesday (4/1), Secretary Shalala, Bruce Reed, and I coordinated a press conference at the White House to highlight the successful six-month anniversary of the start of the Children's Health Insurance Program (CHIP). We announced that two more states--New York and Illinois-- children's health plans were approved. Additionally, a six-month progress report on the implementation of CHIP was released. The report reviews Federal and State progress towards achieving the goal of covering up to 5 million uninsured children--after only six months, eight states have approved plans (over one million children will now have health coverage), another fifteen states have submitted their child health plans for approval and virtually all other states have processes in place to develop and submit their plans.

Equal Pay: Today, Friday, April 3rd is "Equal Pay Day," the day on which women's earnings, added to their previous year's earnings, are said to equal what men earn in one calendar year. Many organizations around the country are holding events this week to highlight the issue; the White House event was held yesterday. The Vice President participated in this event which also included Senators Moseley-Braun, Rep. DeLauro, Secretary Herman, Linda Chavez-Thompson, and John Sweeney. (Senator Daschle was unable to attend because of votes on the floor.) The Vice President's announcement included both the Administration's endorsement of Senator Daschle and Rep. DeLauro's equal pay legislation, which will strengthen the Equal Pay Act by authorizing compensatory and punitive damages for gender-based pay discrimination and prohibiting retaliation against employees' disclosure of wages. We also announced administrative actions that will highlight the problem of pay disparity and enhance enforcement of wage discrimination laws in the private sector and the Federal government. CNN ran a very good story all day today, and *AP* and *Reuters* also ran very positive stories.

America Reads: Larry Stein and I met with David Hoppe (Lott's Chief of Staff) on Tuesday (3/24) to discuss the need for the Majority Leader's leadership in moving the America Reads (and the GI Bill) through the Senate. We stressed that these two issues were important to you and that we want to resolve them in a bipartisan manner without politicalization. We promised Hoppe that we would treat the issues and any support they offered in a non-political and bipartisan spirit. We made the case that the Republicans committed to giving us an America Reads type proposal in the B.B.A., and that both issues provide an opportunity for bipartisan wins in the near term. Stein and I both thought that Hoppe was appreciative of the spirit in which we approached him and that he seemed cautiously receptive.

G. I. Bill: On Thursday (4/2) the Senate version of the G. I. Bill (the "Workforce Development Act") was sent around to all members of the Senate to get a "unanimous consent" to hold floor debate on April 20. However, Senators Lautenberg, Torricelli, and Feinstein all put holds on the bill. All of the holds concerned the fact that local units of government with populations of between 200,000 and 500,000 that are designated as "service delivery areas" (SDAs) under current law, would no longer automatically receive training funds with the bill under consideration. Working with the Department of Labor and Larry Stein we feel a compromise has been drafted. The

4-6-98

compromise would allow these (newly exempted) SDAs, who have a right to ask for an appeal from their Governor to retain the training funds, to also have the right to ask the Secretary of Labor to overturn Governor's denial, if the SDA had a good performance record.

H1-B: On Thursday (4/2), the Senate Judiciary Committee marked up legislation that is intended to respond to the growing demand for skilled workers in the information technology (IT) industry. The Committee reported out (by a vote of 12-6) a modification of a bill originally introduced by Sen. Abraham, that would increase the annual cap on the number of temporary visas for foreign "specialty" workers under the H-1B program. All of the Republicans voted for the bill, as did Senators Feinstein and Kohl. (The committee also voted on a substitute introduced by Senators Kennedy and Feinstein for which all of the Democrats voted (and all of the Republicans opposed). The Administration submitted a letter of support for the overall approach of the Kennedy-Feinstein bill (increased training and reforms to the H-1B program to protect American workers in conjunction with a small, temporary increase in the number of visas). We are stressing that the current Abraham bill--even with its improvements--still must be stronger on ensuring additional training and real reforms.

IRS Update: The Senate Finance Committee passed its version of IRS reform this week by a vote of 20-0. Secretary Rubin was able to secure several improvements, including seats on the new oversight Board for the Treasury Secretary and a union representative. Our main concern with the bill now is that, unlike the House bill, it is not fully paid for. It is short $9.8 billion over ten years. Roth added costly provisions, such as reducing certain penalties, that added significantly to the cost. He has pledged to find additional offsets. Given that Congress has still not passed a bill and that Roth has scheduled additional hearings in late April, we have discussed a possible radio address on IRS reform for April 11. This would provide you another opportunity to express disappointment that Congress failed to pass a bill by April 15, press for quick action in Congress after the recess, and highlight positive steps the IRS has been taking on the customer service front, including expanded electronic filing.

Good idea

Student Loan Interest Rate: In late February we proposed a pro-student rate that Treasury analysis indicated was adequately profitable for banks. The House committee adopted our reduction for students, but proposed additional subsidies for banks costing $1-4 billion over 5 years. Director Raines has warned that this could result in a sequester that would increase student loan fees paid by borrowers, and cut vocational rehabilitation, foster care and adoption assistance, and Medicare. CBO this week released an analysis indicating that while current rates provide excessive profits, the Administration's proposal would *not* be sufficiently profitable for banks. Treasury is analyzing CBO's methodology, which is complex. We have been quietly floating a proposal that would allow subsides for two years and then transition to an auction-based system.

School Construction: Last Wednesday (3/25), Senator Faircloth offered (and later withdrew) an amendment to the supplemental that threatened to take $5 billion of the ESF (the fund Treasury uses to stabilize currency fluctuations) and move it to school construction. This amendment would have set an awful precedent in that it would have busted the budget since ESF does not provide outlays. However, the upshot of Faircloth's amendment is that he made the case for school construction, citing the GAO report, etc. This suggests that the threat to attach your school modernization proposal to Coverdell is having an impact -- Republicans may be starting to feel that they need to support a large school construction initiative of some type. When the Senate returns, it will take up the Coverdell legislation, including a vote on school construction. To gear up for that, you will be touring a school in or near Chicago next Wednesday. That will be followed by forums in at least 20 cities around the country that day; all of them will participate in a conference call with VPOTUS. We hope that will help to get significant regional coverage, and possible addition national press, in advance of the upcoming Senate vote.

High Hopes: Last Thursday (3/27), Bob Shireman on my staff joined Education Department staff in a small meeting at the Ford Foundation in New York. Ford is interested in partnering with us to fund model programs (building on their efforts in Houston and other cities), and to increase awareness about approaches that work in improving education and college attendance in high-poverty areas. This may develop into an announcement of a financial commitment by the Foundation, perhaps with the involvement of Lucent Technologies. *This announcement -- which is tentatively on your schedule for May 4 -- may give us a hook for highlighting the bipartisan involvement in the House, and to perhaps bring in a Senate Republican.*

The Senate mark-up of the reauthorization of the Higher Education Act occurred Wednesday afternoon (4/1). Chairman Jeffords, who would normally be sympathetic, wants to protect a program he created in 1992, and may hold this issue as a bargaining tool with the House and with us. A number of efforts by Riley, Fattah and me ended in a good colloquy between Jeffords and Kennedy during the mark up in which they pledged to work together on a joint approach as the bill moved to the floor. We have been reaching out to Republican Senators with some success. Chaka Fattah seems to have secured Specter--which is important because of his appropriations role. I have had two good conversations with Senator Frist who seems increasingly interested, though I have had less success with Senator Collins.

Master Teachers: The Senate Committee version of the reauthorization of the Higher Education Act, voted out Wednesday (4/1), does not include any provision that would undermine the Administration's financial support for the National Board for Professional Teaching Standards.

INTELSAT: This week in Salvador, Brazil, the U.S. government went along with the decision by 141 other INTELSAT member governments to spin off six satellites into a separate, publicly traded company -- temporarily called New Skies Satellites -- that will provide services in the global satellite communications market. The Brazil decision marks the end of a contentious four-year debate within INTELSAT, an intergovernmental organization dominated by monopoly telephone providers, in which the U.S. has often been alone in insisting that any spin off company must be fully separate and independent. The NEC has coordinated the Administration's interagency effort on INTELSAT, itself contentious at many points, and Dorothy Robyn from my staff participated in Brazil. You should know that we believe the creation of New Skies is the first, and most difficult, step toward complete privatization of INTELSAT. Finally, while the Justice Department believes the restructuring *is* pro-competitive, several U.S. satellite communications companies are criticizing it on the grounds that remaining links between INTELSAT and New Skies will harm competition.

ISTEA: The House this week passed its ISTEA reauthorization bill by a 337-80 vote. Three challenges to funding provisions in the bill -- including an Administration-supported amendment by Rep. Spratt to extend the current short-term ISTEA law to July 1, so as to allow for completion of the House budget resolution -- were defeated by similar margins. Good news came in the form of 1) a 225-194 vote to defeat an amendment by Rep. Marge Roukema that would have eliminated DOT's Disadvantaged Business Enterprise program, and 2) House approval of an amendment by Rep. Danny Davis to increase annual funding for welfare-to-work transportation services from $42 million to $150 million (we requested $100 million/year in NEXTEA). The leadership did not allow for a vote on Rep. Lowey's amendment to lower the legal blood alcohol content to .08. Conferees will begin work following Easter recess, in hopes of reaching a compromise bill by Memorial Day.

Your senior advisers are actively debating various legislative strategies that deal with the problems in both ISTEA bills. In the next few days, we will be doing additional analysis of 1) the demonstration projects, 2) the crowding out effect ISTEA would have on other priority investments (including non-highway transportation investment), and 3) historical data showing that, from 1980-1995, Highway Trust Fund (HTF) outlays exceeded receipts (this was possible because of interest earned on HTF surpluses from 1967-79). Press coverage of the $9 billion in House demonstration projects has been extremely critical, and some Senate Republicans (e.g., Warner) are genuinely embarrassed by that as well as the sheer size of the House bill and its off-budget provision. Thus, it may well be possible to get some improvements in those areas.

Securities Litigation Reform: As you may recall, one of your greatest concerns with the Private Securities Litigation Reform Act of 1995 was the ambiguity created by that law concerning whether recklessness remained a basis of liability for securities fraud claims and whether the pleading standard established in the Second Circuit was still intact. Despite your concerns with the 1995 law, last year you decided that the Administration should not oppose efforts led by the High Tech industry to pass further securities litigation legislation which would create a uniform national standard for securities fraud class action suits and provide a "safe harbor" for forward-looking statements in an effort to encourage companies to provide greater information to consumers. Last Wednesday (3/25), at reconfirmation hearings before the Senate Banking Committee, SEC Chairman Levitt told Senators D'Amato, Dodd and Gramm that he and Commissioners Hunt and Unger can support a revised version of this legislation worked out between SEC and Senate staffs. *(Commissioner Johnson continues to believe that no legislation is justified at this time.)* To gain

Levitt's support, the three Senators clearly moved in our direction by narrowing the scope of the bill. Although the concessions obtained by the SEC appear to be consistent with your objectives, the NEC has asked the DOJ to review independently the final language. We will then consult with the OVP, Bruce Lindsey and John Podesta, before any Administration view on the final bill is communicated.

Financial Modernization: House Banking Committee Ranking Democrat John LaFalce credited "the Administration's opposition" as being "the turning point" in the Democrats' successful effort Tuesday to defeat the Republican's Financial Modernization bill. House leaders were forced to pull the bill from the floor, recognizing that their tactic of merging the Financial Modernization bill with the popular Credit Union legislation (see below) had backfired. Financial Modernization which would remove inappropriate barriers to integration among banking, insurance, and securities firms. The Republican's bill was seen by most banks as favoring securities and insurance firms at the banks' expense. We have tried to position the Administration not as picking sides, but rather as ensuring a level playing field so that consumers win. We are also concerned that the Republican's bill would undermine the Community Reinvestment Act by forcing new financial activities to occur in holding company affiliates whose assets are not counted toward CRA obligations. The SAP said that, if the bill were presented to the President in its current form, "the Secretary of the Treasury would recommend that it be vetoed." The Republicans pledged to bring the bill up again during the week of May 4th, but most commentators believe that making the changes necessary to gain additional support would cost support as well.

Credit Unions: The credit unions had a major victory on Wednesday (4/1) in their intensive campaign to reverse a recent Supreme Court decision on credit union membership, when the House passed a credit union bill 411-8. The Court decision overturned a long-standing NCUA interpretation concerning the extent to which credit union membership must be based on a "common bond." The bill passed this week did not fully restore the broad authority to add new membership groups that the credit unions had sought, but it provided significant flexibility beyond that available after the Court decision. It also added positive new safety and soundness reforms and, for the first time, CRA-like obligations for credit unions. The NEC will run an interagency process to prepare for the Senate's consideration of the bill.

Apparel Industry Partnership (AIP): Kitty Higgins and NEC staff attended a meeting of the AIP in NYC on Thursday (3/26). The meeting confirmed our suspicion that the discussions are near or at an impasse. Companies complain of mission creep as they battle on such issues as whether it is possible to be in compliance when manufacturing in China and what constitutes a "living wage." Meanwhile, the NGOs and Labor are being pressed from their left. NEC will work closely with Labor, State and NSC to identify ways the Administration could help to break the impasse.

Child Labor: The NEC/NSC is convening a policy process to decide whether to develop a legislative proposal to authorize you to take appropriate action in response to persistent, exploitative child labor practices. This proposal is intended to address Rep. Chris Smith's bill requiring automatic sanctions against any country whose laws did not prohibit child labor (defined such that the US and UK would be sanctioned countries). The NEC has also is working on a strategy to promote your Child Labor budget proposals on the Hill in the face of skepticism that IPEC (the International Programme for the Elimination of Child Labour) has the capacity to absorb the 10-fold increase in funding you proposed (from $3 to $30 million) to fund their country-based programs to end the most intolerable forms of child labor. The strategy includes: (1) demonstrating how IPEC's parent organization (the ILO) and the Labor Department can enhance IPEC's capacity; and (2) framing the $30 million investment as small in relation to the size of the problem.

Social Security Forum: The NEC has been working with the Concord Coalition and AARP on their April 7 Social Security Forum at Penn Valley Community College in Kansas City. We have held daily meetings with Communications, Scheduling, Legislative Affairs, Cabinet Affairs, and others to discuss the Concord/AARP Forum and your role in it. At present, you will give opening remarks and later participate -- with four members of Congress selected by each leader (Kerrey, Santorum, Pomeroy, Hulshof) and a panel of experts (Marilyn Moon, Gary Burtless, Fred Goldberg, David Walker) -- in an interactive conversation with the audience moderated by Gwen Ifill. Between those two sessions, you will conduct satellite feeds, off-stage, into five town meetings on Social Security hosted by individual members of Congress in their districts. We will meet with you on Monday to discuss the Forum in greater detail.

Press Briefing on the Supplemental: On Tuesday (3/31), we coordinated a press conference at the White House with Secretary Albright, Secretary Rubin, and Secretary Cohen highlighting the importance of passing a budget supplemental that includes funding for all of our national security priorities: UN arrears, IMF, Bosnia, and Iraq. The three Cabinet Secretaries delivered the message that national security should be above the usual legislative wrangling. Later that day, the House passed the supplemental without funding for Bosnia or the UN by an extremely thin margin (212-208) with 17 Republicans breaking ranks. That legislation will now go to conference; the Senate supplemental is similar, but does include IMF funding and does not include the domestic offsets to pay for the emergencies.

Asia Financial Markets: The IMF expects to reach agreement with Indonesia on Wednesday on a revised reform package, which is likely to include added flexibility on food and fuel subsidies, a framework for corporate debt workouts and tightened monetary and interest rate targets. Once the agreement is finalized, the IMF intends to release Indonesia's next $3 billion disbursement in 3 equal, monthly installments in order to maintain leverage. Australia, Singapore and Japan are likely to provide an additional $1.3 billion directed at corporate debt guarantees and trade financing. Although the details are not yet fully known, Treasury expects that we will be able to welcome the agreement, while expressing significant cautions about ensuring implementation. Separately, the State Department has announced a package of $70 million in humanitarian assistance for Indonesia, including approximately $50 million in food assistance; and secured World Bank support for an April 1 donors conference to coordinate assistance for Indonesia. We are keeping a close eye on Malaysia, which is undertaking a "home-grown" reform package, drawing on IMF advice but refraining from requesting IMF funds and the attendant policy conditions.

Santiago Trade: Following the meeting of hemispheric trade ministers in Costa Rica, there is widespread support for a strong and comprehensive launch of negotiations toward the Free Trade Area of the Americas (FTAA) at the Santiago Summit of the Americas, including the creation of a consultative group on labor and the environment. Anticipating that there will be considerable press interest in fast track at that juncture, the international economic Principals agreed the best approach is to acknowledge that fast track authority will be important in maintaining U.S. international leadership, but that we are finding ways to move forward on our market opening agenda without it, as evidenced by the success of the FTAA launch.

International Tobacco: In anticipation of the March 31 mark-up of the tobacco bill, Principals agreed that our main emphasis in the international arena should be on developing a strong set of health-oriented advertising, labeling and marketing standards through the World Health Organization and ensuring that there is sufficient funding to enable developing countries to implement these standards. The international provisions in the McCain bill were incorporated at the urging of Senator Wyden, against the opposition of Senators Hollings and Ford. While these provisions remained unchanged, it was agreed that representatives from the Administration would meet with Commerce Committee staff next week to work out compromise language for the Chairman's mark regarding funding for international public health and education, restrictions on official U.S. promotion of tobacco and on advertising, labeling and sales practices overseas, and anti-smuggling efforts.

Japan Economic Policy: In the run-up to the end of Japan's fiscal year, the ruling LDP party announced a proposal for 16 trillion yen ($123 billion or 3.1 percent of GDP) in fiscal stimulus and hinted at additional tax cuts later this year. Although this is an encouraging development, it is difficult to assess at this juncture whether it will have a significant impact on the economy, since such top-line numbers customarily include a large number (half or more) of repackaged existing commitments. The initial reaction of the markets suggested considerable skepticism. In addition, the Japanese government announced this week a new three year deregulation plan that contains some important and meaningful steps in such areas as financial services and housing, but falls short in critical areas such as telecommunications and pharmaceuticals. We will press for more progress between now and the G-8 Summit. Hashimoto committed to you in Vancouver last year that he would produce concrete results by Birmingham, and last week he publicly called upon his government to work toward that goal.

Tab F

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

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April 3, 1998

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MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE BOWLES

FROM: KATHLEEN A. McGINTY RSK for

SUBJECT: CEQ WEEKLY REPORT

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 California to a hazardous waste disposal facility in East Chicago, Indiana. Concerns have been raised regarding the shipments due to a PCB contamination issue at the Indiana facility and additional environmental justice concerns.

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. On April 2, EPA met with the Indiana facility operator to get information on whether the PCB decontamination has been successfully carried out. EPA expects to have a preliminary answer by Monday, April 6. Assuming that decontamination has been successful, the Navy could begin shipping napalm via rail on Tuesday, April 7.

The Navy and EPA are currently working together to conduct immediate community outreach to advise the public of the limited risks of napalm, the process being planned, and the safety precautions being followed. Nevertheless, the Chicago and northwest Indiana environmental communities continue to be very agitated about the situation and are threatening legal action and protests.

Pesticide Directive

There has been growing anxiety in the agriculture community, especially among Democrats from rural districts, that EPA's implementation of the Food Quality Protection Act (FQPA) may be disruptive to pesticide user groups. Although Carol Browner has made considerable efforts to allay these fears, they have persisted. In particular, there are continuing reports -- repeated on the editorial page of today's Wall Street Journal -- that EPA plans on May 15 to cancel all of the organophosphate pesticides (which include the most widely used pesticides in commodity production).

CEQ has been now working with USDA and EPA, as well as with staff for the concerned Members of Congress, on a Vice Presidential memorandum directive to both agencies that would clarify the rules of the road, ensuring that FQPA decisions incorporate sound science, transparent decision making, input from the affected public, and smooth transition rules for agriculture. The memorandum will also clarify that no major decisions are expected in this growing season. We expect the Vice President to issue this directive next week. The directive is likely to be well-received by agriculture groups and Congressional Democrats, but there may be some criticism from environmental groups.

RESOURCE STEWARDSHIP

Elwha Dam

Senator Gorton introduced legislation this week that jeopardizes Administration efforts related to the acquisition and removal of the dams on the Elwha River that block salmon runs. The Gorton bill rewrites the existing legislation that already authorizes the acquisition and removal of the dams by imposing new conditions. It also prohibits actions to restore the salmon runs on the Columbia and the Snake Rivers.

Funding for our acquisition of the Elwha dam, as well as about 100 large and small conservation projects across the country, was appropriated as part of the FY 1998 funding for the Land and Water Conservation Fund. However, we have not yet been able to spend those funds because the House and Senate Appropriations Committees have insisted on first reviewing our list of priorities. The list was submitted to the Congress on February 2, but the Committees to date have not approved the projects.

The projects include items of great national interest, such as the completion of the Appalachian Trail and the Yellowstone bison and elk range, as well as completion of areas of great value to local communities in states from California to Georgia. We are anxious to proceed with work on these projects and should begin to send a message to Congress to clear this funding if that does not occur soon.

Timber Roads Moratorium

As you know, in the face of a $10 billion backlog for road maintenance in the national forest system as well as scientific evidence that there is a strong casual relationship between roads and landslides, erosion, impaired water quality, and other problems, the Forest Service has proposed a "time out" on road building in roadless areas in the national forests. Despite objections to the proposal from our opponents in Congress, there has been support for the proposed moratorium from some unexpected quarters.

This week in the Salt Lake Tribune, the Southern Utah Forest Products Association praised the proposed moratorium, saying that it could "lead to a new era of sustainable timber cutting." The owner of Boulder Mountain Log Homes in southern Utah added that he and his colleagues agree that current timber-cutting levels will lead to "devastation of the forests," not sustainablity. Also, a spokesperson for the Pulp and Paperworkers Council in Washington State voiced support for the moratorium, saying that, "with good science and a long term plan, labor that relies on our national forests may have a future."

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INTERNATIONAL LEADERSHIP

Northern Right Whales

Following extensive scientific study, NOAA proposes to seek International Maritime Organization (IMO) ship reporting requirements by April 10 for two areas off the east coast used by northern right whales for calving and feeding. The reporting requirement would essentially mandate that all vessels over 300 gross tons report to a shore-based authority when entering one of the two right whale areas. Ships would then be provided with essential information about the right whale, recent sighting results, and monitoring capabilities.

Presently, there are only 300 - 350 northern right whales remaining. Because half of all mortalities result from collisions with ships, this mandatory reporting requirement is viewed as NOAA's only chance to comply with the ESA and the Maritime Mammal Protection Act and reverse the seriously declining population trend.

The Department of Defense objects to the NOAA proposal because, since this is the first time the IMO would create such requirements for a single species, it will set a new precedent that could affect U.S. navigational freedoms worldwide. CEQ is coordinating with NSC, State, NOAA, the Marine Mammal Commission, and Defense in an attempt to reach an agreement on whether or not the U.S. will propose such requirements to the IMO.

OTHER

Budget

As you know, your FY 1999 budget request proposes major increases in funding for a number of important environmental priorities, including new investments in Superfund cleanups, repair of deteriorating infrastructure at national parks, and the Clean Water Action Plan. The Senate Budget Resolution that went to the floor this week did not include funding for these priorities. Senator Lautenberg offered an amendment that would have restored funding levels for these priorities but was rejected by a largely party line vote of 52 - 47.

The Lautenberg amendment emphasized the same environmental priorities that were in the Democratic Unity document that was produced in February. The recorded vote on the Lautenberg amendment helps to accentuate the difference in priorities between Democrats and the Republican Congress.

It is interesting to note that a poll by the Pew Research Center was reported today that compared the strengths of each party with respect to certain issues. One of the results of the poll showed that Democrats hold a clear advantage over Republicans concerning the issue of protection of the environment -- in fact the advantage on this issue was greater than that reported for any other issue. The result of this poll reveals the importance of training attention on environmental issues during the legislative session through actions such as support for the Lautenberg amendment and opposition to Congressional efforts to role back environmental protection.

Tab G

4-6-98

THE WHITE HOUSE

WASHINGTON

March 28, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN

SUBJECT: Climate Change Weekly Report

I thought it would be useful to start giving you a weekly report on our climate change efforts. In this report, I will provide an overview on domestic, diplomatic, congressional and communications activity. In subsequent reports, we'll just give you updates.

Domestic Policy

There are three principal climate change initiatives, as well as a number of smaller initiatives and ideas on the drawing board. The major initiatives are (1) the $6.3 billion budget package ($3.6 billion tax/$2.7 billion spending); (2) our federal energy usage and procurement effort; and (3) our industry by industry collaboration. As you know, our electricity restructuring proposal was also announced this week, with some anticipated environmental criticism on climate change (reiterated by the *Washington Post* on its editorial page). See CEQ Report for more on this.

Budget package. The action on the budget package is on the Hill, reported below. Like your other initiatives, this one faces tough sledding.

Federal energy. There are a number of interesting ideas on the federal energy side -- such as expanding Energy Saving Performance Contracts (e.g., to leased federal and subsidized non-federal facilities, or assisting state and local governments to adopt ESPCs); doing a new executive order on federal procurement to speed the acquisition of energy efficient equipment; a new partnership to improve the energy efficiency of federal aircraft, ships and vehicles (43% of the government's $8 billion energy bill); an executive order to promote combined heat and power (the Trigen idea); electrifying the federal postal fleet. We need a unified plan for federal energy built around these or other good ideas, to be rolled out over the next several months. I am pushing to get this developed rapidly.

Private sector collaboration. This initiative will be ready to launch soon. Preliminary meetings have been going on for several weeks, both internally, and with several industries and labor. The basic idea, patterned in part on DOE's successful Industries of the Future program, is to collaborate with the key energy intensive industries on establishing ambitious goals for reducing emissions as well as roadmaps for achieving those goals. The dialogue will include exploring ways the government can remove barriers or otherwise promote energy efficient activity. We are likely to begin consultations with the steel, aluminum, pulp and paper, chemicals, cement, electric

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power and airlines industries, all of whom have expressed interest. We will work with scheduling to set up a meeting for you and the Vice President with top CEOs in the key industries to help launch this effort and underscore its importance.

Diplomatic Situation

The Kyoto agreement was an historic step forward, but it left a substantial unfinished diplomatic agenda. Developing countries must be engaged; rules for emissions trading must be written; the "Clean Development Mechanism" must become a reality. Work is underway on many fronts. The next full-scale international meeting following Kyoto will be in November in Buenos Aires, with a preparatory mid-year meeting in Bonn in June.

Last month, Stu Eizenstat hosted a meeting of the "umbrella group" -- like-minded developed nations not in the EU who share our interest in a robust emissions trading regime. Key players include Russia, Japan, Canada, Australia and New Zealand. Bilateral meetings are scheduled between many key countries, including Russia, Chile, Brazil, India, Japan and others. In early May, key Chinese officials will be in Washington under the auspices of the Vice President's environmental dialogue with Li Peng, with climate change high on the agenda.

Climate change is on the agenda at the Summit of the Americas in Santiago (April 18-19) and G-8 Summit in Birmingham (May 15-17). In preparation for your Santiago state visit, we are working intensively with the Chileans to fashion a forward-leaning statement on climate change similar to the "Declaration of Bariloche" you signed in Argentina last fall. We expect climate change to be an important topic of discussion during your China trip in June.

Congressional Situation

The first period of post-Kyoto hearings was reasonably successful. Katie McGinty testified before the House Science Committee; Stu Eizenstat testified before the Senate Foreign Relations and Agriculture Committees and the House Science and Commerce Committees; Janet Yellen testified before Senate Ag. and House Science. Janet's economic testimony went relatively well, although there continues to be a clamor for more details concerning economic analysis. The criticism of her testimony so far has tended to be that her scenario is overly optimistic about potential costs.

We face challenges this year on two fronts. First, the Senate budget resolution zeroes out our $6.3 billion climate change initiative (as it zeroes out your other new initiatives). In addition, the resolution includes Sense of the Senate language saying that no funds shall be provided "to put into effect" the Kyoto Protocol -- language that is, thanks to Sen. Gorton, actually better than what Sen. Gramms initially proposed. The Sense of the Senate language is, of course, non-binding on the tax-writing and appropriating committees. We are pursuing a strategy to frame our budget requests as making good economic and environmental sense -- even independent of climate change -- and seeking bipartisan support for our distinct budget requests. We hope to have a bipartisan Dear Colleague letter and perhaps a bipartisan Sense of the Senate amendment on the floor in support of the energy R & D portions of our requests. In the House, we are similarly seeking bipartisan support for our budget proposals in the face of unwarranted criticism that such requests are merely a "back-door" attempt to implement Kyoto prior to ratification.

Second, we are receiving extensive document requests. We are working with Counsel's Office to fashion a response that will protect the integrity of our internal policy-development process without creating unnecessary additional controversy on the Hill over our climate change initiative.

Communications/Upcoming Events

PATH/Energy Star Buildings/Houses. We are working on an event -- potentially for Earth Day -- featuring three building sector announcements: (1) launch of DOE/HUD Partnership for Advanced Technology in Housing (PATH), bringing the federal government together with construction, insurance and financial industries to develop new technologies for building houses that will be far more energy efficient and durable, and cost less to own and operate than conventional houses; (2) announcement that Energy Star label will be available for retrofitting houses with a checklist of energy efficient technologies; (3) announcement that Energy Star label will be available for commercial buildings.

Bethlehem Steel. On April 30, Bethlehem plans to be the 400th organization to sign on to EPA's Climate Wise program at its Burns Harbor, Indiana steel mill, described as the newest integrated mill in the country and one of the world's most efficient. The event will occur in conjunction with a DOE Steel Technology Showcase, demonstrating around a dozen technological advancements made through partnership activities between DOE and the steel industry.

NOAA. We are working with NOAA on interviews for NOAA Administrator Dr. James Baker with some of the weather forecasters who visited the White House last fall. The theme would be to report on this winter -- the warmest and wettest ever -- noting the effects of El Nino and stressing that, although we cannot say at this time that climate change contributed to El Nino, we can say that El Nino has shown us the kind of severe weather events we could anticipate in the warmer, wetter world that climate change is expected to bring.

Science workshop. On March 23, NOAA's Dr. Baker participated in a workshop in New York examining potential regional impacts of climate change -- the latest in a series of regional workshops cosponsored by OSTP. Stories appeared in local tv, radio and print media.

Foreign Affairs. We arranged with *Foreign Affairs* to have them publish a response by Stu Eizenstat to a negative piece on Kyoto in the current issue, and worked closely with State on preparation of the response. It will run in the next issue.

Foreign Policy Validators. We are working to arrange a VP/Secretary of State dinner with major players from the foreign policy establishment to build support for the need for action on climate change and for our basic approach.

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THE WHITE HOUSE

WASHINGTON

April 3, 1998

Todd — I think the more we can do w/ interested gov'ts, the better — [illegible]

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MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN TDS

SUBJECT: Climate Change Weekly Repor

Diplomatic Situation

Summit of Americas. Efforts to shape a strong climate change message for your Santiago trip did not go well this week. First, at final preparatory meeetings for the Summit, nations rejected strong climate change language for the multilateral Plan of Action. A call from the Vice President to President Zedillo cleared away objections from the Mexican delegation, and Mack worked this issue personally with his contacts, but several nations (led by the Venezuelans) refused to accept language emphasizing the importance of engaging all countries in efforts to address climate change. The language as agreed encourages the nations of the hemisphere to work together on the Clean Development Mechanism and other matters in preparation for Buenos Aires.

In addition, this week the Chileans rebuffed our request to sign a bilateral environment declaration with a strong statement on climate change. Sandy has asked Mack to keep pushing with the Chileans, and he is doing so. On a more encouraging note, we are working with the Inter-American Development Bank on a possible study of their role in the Clean Development Mechanism. The study may be ready for announcement in Santiago.

G-8. Climate change was an important agenda item at the G-8 Energy Ministerial in Moscow this week. Secretary Pena spoke on the topic, as did other Ministers. Several delegations spoke to the importance of developing country participation.

China. Considerable efforts are underway to shape a climate change agenda for your China trip. In the next month, several administration officials (including Madeline Albright, Tom Pickering and Katie McGinty) will raise this issue in trips to China. In early May, Chinese officials will travel to Washington to discuss this topic and others under the auspices of the Vice President's environment dialogue with Li Peng.

Botswana. The Southern Africa Regional Environmental Assessment you announced in Botwsana on March 31 will help us improve understanding of the significant effect of land use change on greenhouse gas emissions in this region, and it provides a means of positive interaction with a set of developing nations on the climate change issue.

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Congressional Situation

In the Senate, the focus this week was, of course, on the Budget, and for climate change there was no difference. As you know, there is non-binding language in the Republican budget resolution expressing the Sense of the Senate that no money should be appropriated to put the Kyoto protocol "into effect". There were no floor amendments offered on climate change. As part of the appropriations process, a bipartisan group of about 40 Senators -- led by Sens. Jeffords (R-VT) and Chafee (R-RI) -- sent a letter to the Appropriations Committee asking that the Administration's request for funding of renewable energy programs be funded (the letter did not mention that these initiatives were part of our Climate Change Technology Initiative). In the House, a group of Members led by Reps. Waxman (D-CA) and Pallone (D-NJ), and including several Republicans, sent a letter to the Appropriations Committee asking that all of the Administration's requests for renewables, energy efficiency inititatives, and clean energy technology be funded.

Communications

NOAA. Dr. Baker, NOAA Administrator, is appearing on *Larry King Live* Monday night to talk about El Nino. He will underscore the point that, while we cannot say that climate change causes El Nino or makes it worse, we *can* say that the kinds of severe weather events El Nino has spawned this winter are the kinds of events we could anticipate in the warmer, wetter world that climate change is predicted to bring.

OSTP. OSTP is reprinting its glossy, very informative "State of Knowledge" Primer on climate change for the third time. We have distributed over 35,000 copies since October 1997.

Bethlehem Steel. The Bethlehem event I mentioned in last week's report is not going to work, but we are looking for an alternative site that might be a good place to roll out your plan for industry by industry collaborations.

Science

This week, the first official meeting to conduct "An Assessment of the Impacts of Climate Change on the US" was held by our Global Change Research Program. The effort will build on the results of the 20 OSTP regional workshops (14 have been completed), conduct reviews of the impacts on agriculture, water, human health, coastal systems, and forests, and produce a synthesis by the end of 1999.

Tab H

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

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April 3, 1998

MEMORANDUM FOR THE PRESIDENT

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FROM: JOHN H. GIBBONS

CC: ERSKINE BOWLES

SUBJECT: OSTP WEEKLY REPORT

CIVILIAN USE OF GLOBAL POSITIONING SYSTEM EXPAN

The Vice President announced on March 30 that the U.S. Global Positioning System (GPS) will provide a second civilian signal. OSTP has been working for several years to find the appropriate balance between the needs of civilian users and the demands of national security. The new civilian signal will significantly improve navigation, positioning and timing services to millions of users worldwide. The domestic and international GPS industry and user communities view it very favorably. The addition of a second civil GPS signal will go a long way towards establishing GPS as an international standard, and should help alleviate international concerns over dependence on a U.S. military-controlled system.

NSTC AND NEC ADDRESS CONGRESSIONAL CRADA CONCERNS

Gene Sperling and I are responding to Senators Lieberman and Rockefeller regarding their national security and economic security concerns raised in the context of managing cooperative research and development agreements (CRADAs) that involve foreign participants. The DOE CRADA on extreme ultraviolet (EUV) lithography (a technical process to make computer chips) brought these issues to a head. As a result, we have established an EUV Technical Advisory Board comprising DOD and DOE representatives to oversee execution of this CRADA and ensure consideration of national security, including proper export controls. NSTC's Working Group on International Technology Transfer will also examine methods to improve policies and practices affecting international partnerships in CRADA activities.

POSITIVE FEEDBACK ON BOTSWANA ANNOUNCEMENT

OSTP developed the Southern Africa Regional Environmental Assessment you announced during your speech in Botswana on March 31 by identifying relevant regional projects and obtaining the NASA commitment to provide additional funding. The Regional Assessment received prominent mention in news stories about your speech in the *New York Times*, the *Washington Post*, *USA Today*, a Reuters wire story, and on National Public Radio. We have already received very positive feedback from the science community about this project in particular, and more generally about your leadership in calling for action to combat desertification. NASA is confident that they will be able to leverage your announcement and their funding augmentation to gain additional support and commitments from their regional partners and from other science agencies around the world for this important work. We will continue working with the NSC to support this initiative.

STAR WARS PROPONENTS RISE AGAIN

In a Letter to the Editor of the *Washington Times* (attached), I defended the Administration's position that it doesn't make sense to prematurely deploy national missile defenses that may be obsolete before a third-world ICBM threat finally (if ever) appears. It does make sense to work on theater missile defense capability, but we should resist deploying continental defense at this time. Necessary technology is far from proven and so is the threat. The *Washington Times* op-ed was indefensible in light of the recent report from the Pentagon's blue-ribbon panel documenting that current efforts represent a "rush to failure" and are marred by poor planning, insufficient testing, and strong political pressure to hasten inauguration of the defensive systems.

TOBACCO REVENUE -- SENATE BUDGET SAYS MEDICARE, McCAIN SAYS TBA

On Wednesday, the Senate rejected a proposal by Senator Conrad, the Democrats' lead negotiator in talks on legislation to codify the national tobacco settlement, to dedicate resulting revenues to education and health programs to discourage smoking, especially among teenagers. The amendment was rejected 46-54. Budget Committee Chairman Domenici, and other Republicans opposed the Conrad amendment, arguing that billions of dollars in tobacco revenues should be used to save Medicare from going bankrupt. The debate came as the Senate Commerce Committee endorsed its new version (S.1415) of a tobacco bill on a vote of 19 -1, which left open the question of how to spend the revenues from the settlement. Senator McCain publicly stated that the distribution of funds from a settlement should be left for you and a handful of Congressional leaders to work out. Your balanced proposal for expenditure of those funds -- including investment in the 21st Century Fund for Research -- is far and away the best plan on the table, and OSTP stands ready to support the legislative strategy for enactment of your full budget request.

OSTP TRANSITIONS UNDERWAY

As you announced in Philadelphia (see attached article from *Physics Today*), April 3 is my last day on the job. It has been an honor to serve you for the past five years. I am deeply gratified that you nominated Dr. Rosina Bierbaum to be Associate Director for Environment before my departure; you could not have made a better choice. Dr. Kerri-Ann Jones, OSTP Associate Director for National Security and International Affairs and Senior Director in the NSC, will be Acting Director of OSTP after my departure. You should not hesitate to call on her until Neal Lane is confirmed, though I'm sure he also stands ready to provide assistance at any time and will certainly be an asset to the White House when he arrives.

THE WHITE HOUSE

WASHINGTON

March 31, 1998

The Washington Times
3600 New York Avenue, N.E.
Washington, D.C. 20002

Letter to the Editor:

It's a very appealing thought, national missile defense. President Reagan's vision of a high-tech leak-proof shield for the United States was simple, compelling—and wrong. It wasn't (and isn't) technically possible—just a very leaky defense would cost far more than even a prodigal spender would venture. Even a very limited national missile defense won't come anywhere near as cheap as some advocates want to believe.

James Hackett is sadly driven more by strong belief than good science or sense. He seems to believe in what I've come to call Disney's Second Law: *wishing will make it so*. It won't. His kind of thinking is trying to push us into a premature change from development into production, which an independent blue-ribbon panel report to the Pentagon has recently labeled a "rush to failure." This pell-mell rush to deploy brings to mind the old dictum that if you want it bad, you get it bad.

Hackett would have us divert dollars away from higher priority programs in order to prematurely deploy missile defenses that may be obsolete before a third-world ICBM threat finally (if ever) appears. The Administration believes it's more sensible to develop a missile defense capability but hold off on fielding it until needed, while updating the design. Even advanced countries with outside help need years to develop ICBM-like missiles capable of hitting the U.S. Our policy aims to allow us to field a missile defense system before a new threat actually materializes.

We *are* beset with very real threats and challenges. It is essential that we allocate our limited resources to the most important ones and use only technologies that work. In my book, fielding national missile defense—the reality, not the dream—just doesn't measure up at present.

Sincerely,

John H. Gibbons

John H. Gibbons
Assistant to the President
for
Science and Technology

Clinton Changes His Science Policy Team, Replacing Gibbons with Lane as Science Adviser

Five years into his presidency, Bill Clinton has chosen a new science policy team for the remaining three years of his term. With the imminent departure of John H. Gibbons as his science adviser and director of the White House Office of Science and Technology Policy (OSTP), the President reached out to one of the main research agencies to select Neal Lane, director of the National Science Foundation (NSF) for nearly five years, to become his science adviser and lead OSTP. Clinton chose Rita R. Colwell, a University of Maryland microbiologist and president of its biotechnology institute, to succeed Lane as the foundation's director. Only a month before, Clinton had named Colwell to be Lane's deputy at NSF.

The nominations suggest that the President is looking not so much for policy reforms as for a steady course and for strong advocates of his programs at government agencies, in the science community and in Congress. Both Lane and Colwell will be part of the strategy the Clinton Administration has adopted for R&D activities. The strategy includes a dynamic emphasis on basic and applied research, as marked by the fiscal 1999 budget proposal that would provide most of the R&D agencies with hefty increases (see news story starting on page 49) and would recognize the large amount of interdependence among seemingly disparate scientific disciplines.

In Lane, Clinton will have a modest, urbane former physics professor and provost at Rice University who has effectively bridged the narrow confines of academic disciplines with new programs at NSF and championed several costly and controversial projects in Washington's often bruising political arena. At the helm of NSF, Lane has steered the agency into supporting the interfaces of fields (sometimes fending off turf battles with other agencies), taken part in the funding of particle detectors for CERN's Large Hadron Collider (a responsibility that has usually been considered the business of the Department of Energy) and led three Congressional delegations to Antarctica, where the agency operates an important research station. His most recent Antarctic trip was in January with Republican members of the Senate Appropriations Committee—notably, chairman Ted Stevens of Alaska, Thad Cochran of Mississippi, Slade Gorton of Washington, Conrad Burns of Montana and Larry Craig of Idaho. Colwell was also on an Antarctic trek over last New Year's Day with a group that included Norman Augustine, chairman of Lockheed Martin, Ed Stone, director of NASA's Jet Propulsion Laboratory, and Gibbons.

An Oklahoman with an unpretentious manner, Lane has made fast friendships in Congress, especially with F. James Sensenbrenner Jr, the Wisconsin Republican who chairs the House Science Committee, Vernon Ehlers, a Republican of Michigan who serves as the committee's vice chair, Sherwood Boehlert, a Republican of New York, and George E. Brown Jr of California, the committee's senior Democrat.

Though Colwell has a more forceful and feisty approach than does Lane, she too has a reputation for being effective and productive. In the 1980s, she worked closely with Senator Barbara Mikulski, a Democrat of Maryland, to get Federal and state funds to build Baltimore's $160 million Columbus Center, which houses part of the biotechnology institute, as well as a food safety research unit of the US Food and Drug Administration and a Hall of Exploration, intended to increase public understanding of science through interactive exhibits. A bacteriologist who specializes in studying microorganisms in marine environments, Colwell has actively promoted recent efforts to preserve biodiversity. In scientific circles, she is celebrated for discovering the link between cholera outbreaks in several countries of South America and, more recently, for her leading role in understanding the *pfiesteria* outbreak that infected the fish population of the Chesapeake Bay watershed.

WHITE HOUSE

PRESIDENT CLINTON ON GIBBONS (LEFT): An 'ability to build bipartisan coalitions.'

Clinton announced his nominations of Colwell and Lane on 13 February in Philadelphia, at the annual meeting of the American Association for the Advancement of Science (AAAS), which is observing its 150th anniversary. He had accepted the offer to address the AAAS when he was told that 50 years earlier President Truman had spoken before the organization and promised to establish NSF, after first opposing a bill to initiate the agency (see PHYSICS TODAY, February, page 34). The occasion gave Clinton the opportunity to discuss his belated discovery of a new priority of his Administration—namely, scientific research. Having said almost nothing about science in his first term, he has recently

LANE: An 'unflappable' voice of reason.

redeemed himself in a series of events and talks. One of his early efforts was his remarks before he awarded the Medals of Science and Technology last December (see PHYSICS TODAY, February, page 55). So far this year, he has spoken about the promise of science in his State of the Union message, in speeches in San Francisco and at Los Alamos National Laboratory, and at the White House on 6 March, when he brought Cambridge University physicist Stephen Hawking to regale some 150 invited guests in one of a series of Millennium Lectures.

At the AAAS conference in Philadelphia, Clinton displayed some unalloyed eloquence: "Today, at the edge of a new century, the dawn of a new millennium, at a sunlit moment of prosperity for our people, we see before us an era of unparalleled possibilities. Our restless quest for knowledge, which has been one of America's defining traits since we got started right here in Philadelphia, will quicken. . . . We must seize this moment to strengthen our nation for the new century by expanding our commitment to discovery—increasing our support of science, pressing our progress in the war against cancer, protecting our children from public health dangers." He reminded his listeners that in the same year that Truman addressed the AAAS, the transistor was invented at Bell Labs and the ENIAC computer had just been operated in Philadelphia.

Clinton evoked the loudest applause, however, when he thanked Gibbons for his work as science adviser and head of OSTP and then named his new science team. Gibbons's "ability to build bipartisan coalitions on contentious issues from nuclear testing to cloning to climate change has strengthened our nation immeasurably," said Clinton. As for Lane, Clinton enthused, "Neal has placed the National Science Foundation at the center of our science and technology policy in many ways." And Colwell, said the President, "will maintain that momentum."

Gibbons, for his part, had let the White House know soon after Clinton's second inauguration that he wanted to retire. In fact, he had told a group of science writers back in January 1997 that he had sent a list of his possible successors to the White House. He waited for a response, but nothing happened. Meanwhile, Gibbons traveled to Russia, China, Japan and other lands on scientific missions for the Clinton Administration, visited the national laboratories and conducted meetings of the President's Committee of Advisers on Science and Technology (PCAST).

Even when rumors of Gibbons's replacement began circulating last spring, the White House paid no heed. Then, early this year, after Gibbons submitted a letter of resignation and stated he would depart on 15 March, Clinton and Vice President Al Gore began casting about for candidates. Some on Gibbons's list, including two PCAST members, Augustine and John Holdren, a Harvard physicist and environmentalist, were approached, but expressed no interest in the position. Over lunch early this year, Gibbons exhorted Lane to take the job. "I was surprised when Jack first raised it with me," Lane told friends. "I was more surprised when Al Gore offered it to me."

Lane is considered by his many admirers "a voice of reason and integrity," as D. Allan Bromley, dean of engineering at Yale and President Bush's science adviser put it. "Neal is unflappable. He's sure of himself and can't be pushed around." Richard Zare, chairman of the National Science Board and a Stanford University physical chemist, adds that Lane "knows the significance of explaining science and technology to the public." In addition, said Zare, "he set a remarkable standard at the foundation for integrating research and education and for promoting partnerships, especially between industry and institutions of higher learning. I've seen up close his skills of persuasion and consensus building."

Lane himself is uncomfortable discussing his personal style, but according to Holdren, "In his quiet way, Neal pushes people in directions they might not think about and inspires people to do things that might not otherwise be possible. He's a problem solver. Neal has great instincts and is willing to act on them."

With the Administration's proposed R&D budget the highest it's ever been, Gibbons observes, "I'm leaving at a high water mark for science" and with

DENNIS BRACK/BLACK STAR

COLWELL: To 'maintain the momentum.'

the country's science and technology "setting the stage for a new century of progress."

Gibbons also has set the stage for Lane's actions as the President's top scientist and director of OSTP. It isn't likely to be an easy role for Lane. Besides lobbying Congress to enact the Clinton Administration's record research budget for 1999, he will need to grapple with several politically charged and divisive issues. Bills to restrict human cloning have been subject to bitter debate in both chambers. Senate Republicans are refusing to consider the Comprehensive Test Ban Treaty, which Clinton and Gore want ratified. And many lawmakers from both parties sharply oppose ratification of the Kyoto Protocol that the Administration orchestrated last December to limit the production and release of greenhouse gases into the atmosphere.

As the President's assistant for science and technology, Lane can step into Gibbons's job as soon as Gibbons leaves, which is not likely to be before mid-April. The position of science adviser is a gift of the President and does not require Senate confirmation. But as the head of OSTP, an agency that is funded separately from the executive offices of the President, Lane will need to be confirmed. That is not apt to happen until Congress returns from its Easter holiday in April. Meanwhile, Lane will go through the clearance procedure required of all political appointees—namely, scrutiny by the FBI, the Internal Revenue Serrvice, the White House Legal Counsel and the White House Office of Presidential Personnel. Colwell will need to undergo similar vetting and Senate ratification for her position at NSF.

IRWIN GOODWIN

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THE WHITE HOUSE

WASHINGTON

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April 3, 1998

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: **MARIA ECHAVESTE**

SUBJECT: **OPL WEEKLY REPORT** -March 28 - April 3

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

Budget Initiatives. The NAACP hosted 5 Regional Legislative Conferences in Little Rock, New York City, Washington, DC, Toledo, and Colorado Springs to meet with Congressional leadership on your Budget Initiatives. Also, OPL hosted a briefing with African American Funeral Directors and Morticians on your Budget Initiatives, highlighting your Tobacco Initiatives. They are committed to working in coalition with other African American organizations on Tobacco legislation targeted at reducing youth smoking.

Tobacco -- "Kick Butts Day". Activities included over 350 events occurring across the U.S., up from last years 150 events. The overall reaction to the Vice President's remarks were "he was strong on the industry, and positive but cautious on Sen. McCain's legislation." The leaders of the key public health groups think that now may be a good time to meet with Erskine Bowles and Bruce Reed on tobacco and specifically Senator McCain's legislation.

CONSTITUENT OUTREACH AND OTHER ISSUES

AIDS

Needle exchange controversy getting hotter still. The AIDS groups met with Deputy HHS Secretary Kevin Thurm on Thursday and are of the impression that Secretary Shalala is committed to lifting the needle exchange ban. Several of the AIDS groups are meeting over the weekend and next week. They continue to be quite angry and are in no mood to wait. On Thursday, your AIDS Council will likely issue a resolution calling for Secretary Shalala's resignation, if she does not act quickly. There is also talk in the AIDS groups about efforts to link the issue more closely to the Race Initiative.

GAY AND LESBIAN ISSUES

"Protective" Notice of Appeal filed in gay computer privacy case. The Justice Department filled a so-called "protective" Notice of Appeal in the McVeigh case, coupling it with a request to plaintiff's attorneys to open settlement discussions. Most civil rights advocates agreed to take a wait-and-see approach.

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AFRICAN AMERICANS

King assassination. The King Family, Ambassador Andrew Young, former chairman of the House Subcommittee on the King Assassination, Reverend Walter Fauntroy, and Mr. Lewis Garrison, attorney for Mr. Lloyd Jowers, held a press conference on the eve of the 30th Anniversary of MLK's Assassination to call for a meeting with you and Attorney General Reno on what they claim is new evidence in the case. Mrs. King wants to ask you to initiate a full investigation based on the new evidence.

BUSINESS OUTREACH

YPO briefing. On Tuesday, we hosted a briefing for almost 200 members of the Young Presidents' Organization (YPO) and World Presidents' Organization (WPO). As you may know, Erskine Bowles and Mack McLarty are former members and we were very fortunate to have the Chief of Staff welcome and brief the group. Other speakers included Rahm Emanuel, Gene Sperling and Lael Brainard. The briefing covered many areas of interest and concern including tobacco, budget, education, IMF and other international trade issues.

WOMEN'S OUTREACH

Equal Pay Announcement. In coordination with the Vice President's Office, DPC and NEC, a White House event and press conference was organized to announce the Administration's support for Senator Daschle's and Congresswoman DeLauro's equal pay legislation. Also announced were new Administration's initiatives to enhance enforcement of the wage discrimination laws and to encourage equal pay practices in the public and private sector. We received tremendous positive feedback from our constituents and the press. On April 3, EQUAL PAY DAY, 650 grassroots events will be taking place across the country to amplify our announcement and mobilize support for the "Paycheck Fairness Act".

"America's Economic Agenda." The Women's Office and the Center for Policy Alternatives (CPA) co-sponsored a White House event for over 150 women leaders from over 21 states to discuss women's economic empowerment, and to present CPA's report to the Vice President. The report, entitled "America's Economic Agenda--Women's Voices for Solutions," resulted from last April's *Women's Economic Leadership Summit.*

HISPANIC OUTREACH

Briefing for Hispanic Education Coalition. On Wednesday OPL lead a briefing for the Hispanic Education Coalition on the priority initiatives of your budget proposal and the importance of supporting these initiatives as early as possible. The groups efforts included a big push for your High Hopes initiative. They also plan to increase their efforts for your school construction initiative.

NONPROFIT OUTREACH

Promoting public/private partnerships. We met with nonprofit groups to identify successful partnerships here in the District. Our contacts believe that we should highlight the successes of High Hopes and other mentoring initiatives to promote public/private partnerships.

ASIAN AMERICAN OUTREACH

Health disparities. Members of the Asian Pacific American community support your initiatives to reduce racial health disparities and are strongly urging you to sign an Executive Order to institutionalize the Asian Pacific Islander Initiative.

Heritage Month web Page. We are working with various White House offices to develop a Heritage Month webpage. The webpage will demonstrate the Administration's commitment to Asian Pacific American accomplishments and educate the public about the Administration's initiatives on issues that concern them.

Personnel issues. Asian Pacific American leaders who applaud your fight for Bill Lann Lee and other high-ranking Asian Pacific American appointees met with John Podesta to discuss their concerns about Asian Pacific American promotions within the Administration.

RELIGIOUS OUTREACH

Catholic Eucharist. While a non-Catholic could not receive communion in the United States, the U.S. National Conference of Catholic Bishops understands that you were invited to participate in the Eucharist by the priest in South Africa.

Wolf/Specter. Discussion is still underway within the Administration regarding the Nickles alternative to Wolf/Specter. It appears that those denominations which have opposed Wolf/Specter, and been criticized for it, are relieved that there is a bill on this issue which they may be able to support.

cc:	Erskine Bowles	Rahm Emanuel
	Craig Smith	Michael McCurry
	Doug Sosnik	Gene Sperling
	Sylvia Mathews	Thurgood Marshall, Jr.
	Sid Blumenthal	John Podesta
	Bruce N. Reed	Laurence Stein
	Mickey Ibarra	Ron Klain
	Ann Lewis	Susan Liss
	First Lady	Mrs. Gore

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THE WHITE HOUSE

WASHINGTON

4-6-98

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April 3, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

SUBJECT: Office of Intergovernmental Affairs Weekly Report -- March 30 - April

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Race Initiative

- State Senator Mario Gallegos (D-TX) is very upset with the White House process for selecting a nominee for the Federal bench in South Texas. He held a press conference last week in Houston and is organizing a protest demonstration to coincide with your PIR/ESPN event on April 14. Intergovernmental Affairs, OPL, Legislative Affairs, PIR, and the Counsel's Office are working to defuse the situation.

- We participated in follow-up to the Denver PIR Advisory Board meeting, including meeting with the leadership of the National Congress of American Indians, who had several suggestions on how to further enhance our working relationship with Indian country. We believe that our best work in Indian country will result from our policies and economic development initiatives that generally receive Indian country support. We are working on several ideas, including follow-up to the government-wide report that you recently reviewed.

Governors

- Governor Lawton Chiles (D-FL) called to express his interest in a budget supplemental to facilitate hurricane clean-up and assistance in Florida. He is pursuing a Congressional strategy and is also seeking the support of the Administration. The Governor's staff has also contacted OMB on this effort.

- OMB has proposed the creation of a Delta Commission, modeled on the Appalachian Regional Commission (ARC), that would assist in the economic development of the Delta Region. The proposal was originally opposed by the 13 ARC Governors because they feared the proposal might impact long-term ARC funding. The governors also envisioned the Delta Commission being housed and staffed by the current ARC and were concerned this would dilute the ARC's mission and work. We have proposed a

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compromise under which the Delta Commission would be budgeted from the U.S. Department of Agriculture so as to eliminate funding competition. It would contract with ARC for a brief and limited "incubation" period to provide staff support. After the first year, the Delta operation would become completely independent. This proposal has gained support among some, but not all, of the ARC Governors.

- Governor Paul Patton (D-KY) is very pleased that you will come to Kentucky to address assistance to tobacco farmers in the event of tobacco legislation progressing in Congress.

- Many governors' offices have called to express their support for the House ISTEA bill and to urge you not to veto the bill. We should expect additional pressure from them and other elected officials in the coming weeks.

Attorneys General

- The attorneys general were briefed about "Kick-Butts" day. Several participated in amplification events and released press statements.

Municipal Officials

- We facilitated a program on March 26 for "Leadership Savannah," a group of 80 civic, elected and business leaders from Savannah, Georgia. COS Erskine Bowles, Mickey Ibarra, Lynn Cutler, Katie McGinty, Jose Cerda, and Bob Hickmott addressed the group. Mayor Floyd Adams (D-Savannah, GA) was very pleased with our outreach efforts to his community.

- On April 2, we hosted a briefing for officials from Austin, Texas, who were visiting Washington with the Greater Austin Chamber of Commerce. Included in the group was Mayor Kirk Watson (D-Austin, TX) and several mayors, municipal and county officials, as well as state legislators from the greater Austin region.

Indian Country

- An Enzi-Reid amendment passed on Monday, March 30, by a voice vote as part of the Senate disaster bill. The amendment prevents the Secretary of Interior from promulgating any gaming rules. The Native American community is strongly opposed to this and we will argue against the amendment during conference.

Insular Affairs

- Fred DuVal and Jeff Farrow, Co-Chairs of the White House Interagency Group on Puerto Rico, visited the Island and met with Governor Pedro Rossello's (D-PR) Chief of Staff and Cabinet members, the Mayor of San Juan, legislative leadership on both sides of the

Capitol, and leaders of all three political parties. The issues that were discussed included Medicaid funding, Section 30 (a) and status legislation that has passed the House and will now be taken up by the Senate.

- The Senate Energy Committee held a forum for Governor Pedro Rossello (D-PR) and representatives of Puerto Rico's three status-based political parties to discuss the Island's status issue. Senators Larry Craig (R-ID), Bob Graham (D-FL), and Mary Landrieu (D-LA) called for action on a status choice bill. Chairman Frank Murkowski (R-AK) promised consideration but cautioned about time constraints and suggested Puerto Ricans vote on status without Federal authorization. Majority Leader Lott (R-MS) also cautioned about time constraints.

- Moody's, one of the premier credit rating services, reported that statehood might help and would not hurt Puerto Rico's economy and would partially make up for the loss of tax benefits from U.S. corporate activity in the Islands. Similar views were expressed in other private sector economic reports.

- The Senate Energy Committee also held a hearing on the Northern Mariana Islands foreign labor system. Interior Secretary Babbitt made a strong case for your proposal to phase-in Federal immigration law and the national minimum wage. Chairman Murkowski suggested (1) letting the Attorney General apply immigration law if the Islands do not overcome problems with the local system in a couple of years and (2) instituting a separate, Federally established minimum wage.

Other

- Fred DuVal traveled to Arizona as a guest of the Arizona Power Users to address climate change. The group consists of Arizona municipal officials, utility representatives, and Indian tribal leaders. After speaking to the group, Fred met privately with Governor Jane Dee Hull (R-AZ), Phoenix Mayor "Skip" Rimza (R), and a group of Arizona tribal leaders to discuss Indian gaming.

- On Wednesday, April 1, the Vice President traveled to Iowa for several events, one of which was the dedication of a renovated soda bottling plant that had been converted into affordable apartments in Cedar Rapids. This was a Federal, state, and local effort, utilizing local private capital. Mayor Lee Clancey (NP-Cedar Rapids, IA) hosted the event, which included a number of state and local officials. In Des Moines, an additional twenty officials were involved with events. The Vice President also held a successful fundraiser for the Iowa Democratic Legislative Caucus. Lynn Cutler traveled with the Vice President and led outreach to the state and local officials.

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THE WHITE HOUSE

WASHINGTON

4-6-98

April 3, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. TM

SUBJECT: Summary of Cabinet Weekly Reports
March 28 - April 3, 1998

DEPARTMENT OF TREASURY

- **Korea:** On March 30, the Korean government announced new measures to liberalize foreign exchange trading and restrictions on foreign investment in key sectors, and on March 27, the World Bank approved Korea's next $2 billion tranche of assistance. Moody's took Korea off review for a potential downgrade, citing an increase in foreign reserves, a growing current account surplus and the success of the short term debt exchange agreement, which goes into effect on April 8. Despite the good news, Korean unemployment reached 5.9 percent in February, a 14-year high for the country, and is expected to continue growing.

- **School Construction Bonds:** Treasury is working with investment banks, particularly Smith Barney, Merrill Lynch, Bear Stearns and PaineWebber, to discuss the marketability of the school construction bonds included in the Administration's education package. The investment banks identified several issues that concern them about the bonds, mostly related to liquidity, credit quality, yield and difficulty in pricing.

DEPARTMENT OF JUSTICE

- **Texaco Oil Spill Settlement:** Texaco agreed to settle a case involving a 1991 spill of 5,000 barrels of oil from Texaco's Anacortes, WA, oil refinery into Fidalgo Bay, north of Seattle. Under the terms of this settlement, Texaco will pay $500,000 to resolve natural resource damage claims; $467,463 of that amount will be for natural resource damage projects. The remaining $32,537 will be used to pay the natural resource damage assessment costs previously incurred by the WA State Department of Fish and Wildlife and the Lummi Nation.

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- **Federal Election Campaign Act (FECA) Criminal Violations:** On March 18, in the Western District of WA, senior executives at Food Services of America (FSA) pled guilty to illegally contributing FSA corporate funds to political committees that supported candidates for federal office. From 1990 to 1996, the defendants added sums to the annual performance bonuses of dozens of FSA employees, which those employees were then required to contribute in their names to political committees supporting federal candidates. Federal and state fines exceeded $5 million. This disposition represents the third largest fine ever assessed for campaign financing violations in the U.S.

- **CA HUD Fraud Scheme:** In one of the largest known fraud schemes ever perpetrated against HUD, the owner and president of a CA mortgage company pled guilty to 17 counts of filing false loan applications and selling falsely inflated loans. This defendant, who is the fifth defendant to plead guilty in the case, agreed to forfeit fraud proceedings including $9.9 million in cash, a $970,000 home, and luxury cars worth $200,000.

- **Medicare Fraud:** In one of the largest milk supplement Medicare fraud cases tried to date, a jury in the Southern District of FL found a defendant guilty of 40 counts of fraud, conspiracy, and money laundering. The defendant billed Medicare for more than $16 million and received more than $8.6 million as a result of false Medicare claims he directed others to file through 11 nutritional supplement companies he opened.

- **HIV Disability Case:** This week, DOJ appeared as *amicus curiae* before the Supreme Court in the Bragdon case, which presents the question whether asymptomatic infection with Human Immunodeficiency Virus (HIV) is a "disability" under the Americans with Disabilities Act (ADA).

- **COPS Grants:** On March 26, the COPS Office announced the awarding of over $57 million to 44 states and Puerto Rico to fund the hiring of 857 additional officers.

DEPARTMENT OF INTERIOR

- **Bison:** Negotiations with MT over the text of a draft EIS on bison management in Yellowstone National Park have concluded. NPS expects to publish the draft EIS in early June. Last month, Secretary Babbitt and Governor Racicot met in Denver to resolve the remaining problems with the draft EIS.

- **Underground Railroad:** On April 7, Secretary Babbitt and NPS Director Stanton will participate in events to unveil the NPS Underground Railroad education and preservation initiative. The Secretary will travel to the Wilson Bruce Evans House in Oberlin, OH, home of a leading African-American abolitionist who participated in a daring 1858 rescue of an escaped and re-captured slave from a nearby jail.

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- **Northern Mariana Islands (NMI):** On March 31, Secretary Babbitt testified before the Senate Energy and Natural Resources Committee on the Administration's proposal for immigration, labor, and trade reform in the Commonwealth of NMI. The Secretary criticized NMI's use of immigration policy to create "a plantation economy." Senator Grams demanded that OIA Director Stayman be fired for using OIA funds to investigate labor and law enforcement problems in the islands. Secretary Babbitt responded that he had ordered a commendation for Stayman, to be awarded April 3, and that Stayman's decision to investigate the extension of Chinese Communist values to the CNMI (such as denial of freedom of religion to Chinese garment workers) was appropriate.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Rail Traffic Problems:** On March 31, USDA officials met with representatives of the Union Pacific and Southern Pacific (UPSP) railroad to discuss the company's embargo of rail traffic through Laredo, TX into Mexico, a $2 billion market for U.S. agricultural exports. USDA assured the railroad that it has worked with an official in Mexico to resolve border inspection delays, as a direct result of the groundwork laid by the Secretary when he accompanied you to the Bi-National Commission discussions in Mexico last year. USDA also admonished UPSP officials to clear the current backlog of approximately 2000 cars waiting to move into Mexico.

- **Tobacco Crop Insurance:** On March 16, USDA liberalized procedures for adjusting deviation for 1997 burley tobacco losses, to respond to the cool, wet weather that prevented burley tobacco in KY, TN, IN, and OH from properly curing. The deviation permits adjusters to appraise the tobacco in the barn more efficiently, allowing farmers to finalize claims even though significant amounts of tobacco will remain unsold after the end of the crop year insurance period.

- **Quarterly Enforcement Reports:** In response to increasing requests from the press and other interested groups for lists of USDA food safety enforcement actions, the USDA Food Safety Inspection Service will develop and publish a quarterly enforcement actions report, beginning on or about May 1, that will be made public.

- **Lake Tahoe Summit:** On March 27, USDA released a report, "Action to Protect Lake Tahoe," detailing the Administration's progress in meeting commitments to restore the environmental and economic health of the Lake Tahoe region, stemming from last summer's Lake Tahoe summit.

- **Farm Forums:** On April 3, Secretary Glickman will hold a farm forum in Lexington, KY, his first of four around the country. On April 7, the Secretary will hold a farm forum in Las Cruces, NM.

Department of Commerce

- **NWS "Basic Spotters' Field Guide":** The Office of Meteorology announced the arrival of the new "Basic Spotters' Field Guide." The guide was developed for NWS field offices to train spotters to assist in the important task of observing and reporting hazardous weather situations.

- **NTIA Grants:** The National Telecommunications and Information Administration (NTIA) has received 757 applications for its Telecommunications and Information Infrastructure Assistance Program (TIIAP) for FY98. The applicants requested $323 million in Federal funds. TIIAP expects to fund approximately 50 projects with the $17 million in grants funds. NTIA plans to announce the grants in September.

- **International Standards:** In April, the National Institute of Standards and Technology (NIST) expects to announce that a toll-free phone number has been established for industry to report discrepancies between American and European measurement standards as a first step in a two-year project to harmonize standards in five business areas.

- **Baldrige Examiners:** In late March, NIST notified 329 business and quality experts that they have been selected to participate in training to qualify them to become Baldrige Award examiners. Reflecting strong business interest in the program, NIST received about four applications for nominations. Applicants now will have to complete intensive three-day training sessions before becoming examiners.

- **El Niño:** On March 25, Economic Development Administration (EDA) staff participated in a Federal Long-term Recovery Task Force meeting in Atlanta, GA with state and local government representatives in response to recent El Niño-related flood events in states of GA and AL. The meeting will result in a federal action plan report to you by mid-April.

Department of Labor

- **MI Employment Service Lawsuit:** Lawyers for the U.S. and for the State of MI are preparing for an April 15 U.S. District Court hearing in a dispute over the State's attempts to reorganize its employment service. DOL advised MI in January that federal funds would be withheld if it went forward with its reorganization plans, sparking the current legal controversy.

- **United Mine Workers of America (UMWA) Grant:** A Title III - EDWAA grant of up to $7 million is pending for the UMWA to assist 1,200 long-term unemployed coal miners laid off from 65 coal mines since 1992 in OH, PA, and WV. The UMWA will coordinate activities with local PIC's and other JTPA service providers in the three affected states.

- **CA Nurses:** On March 25, nearly 14 months after their contract expired, the CA Nurses Association and Kaiser Permanente reached tentative agreement on a replacement covering 7,500 registered nurses at facilities in northern CA. The settlement was finalized with the participation of FMCS Deputy Director Barnes on a day originally scheduled for another limited duration walkout by the union.

- **NY Nurses:** On March 30, 600 nurses represented by the NY State Nurses Association went on strike at Maimonides Medical Center in Brooklyn following a breakdown in talks to replace a contract that expired on December 31. Hospital administrators reportedly expect to maintain services with replacement nurses and supervisory personnel. Proposed schedule changes and benefit reductions are said to be the major issues in dispute.

- **DC Central Parking Systems (CPS) Strike:** 700 parking attendants at CPS have authorized a strike on April 8 in their effort to gain an initial contract with the operator of about one-third of the lots and garages in the Washington, DC metropolitan area. CPS attendants are represented by Parking and Service Workers Local 27 which has indicated that a strike will affect all of the company's facilities, but that demonstrations will be concentrated in the downtown area. Management intends to operate with temporary replacements in the event of a walkout. Health care coverage reportedly is the major remaining issue.

- **Welfare-to-Work:** On March 30, DOL announced welfare-to-work grants for TN and MO totaling over $41 million for FY98. This money is part of the $2.2 billion available nationwide in state grants to help local communities transform the lives of long-term welfare recipients. TN and MO join HI, IL, KS, LA, MA, MI, MN, NE, NV, and SC in putting your welfare-to-work initiative into action. Additional state grants will be announced as they are approved.

- **Unemployment Insurance:** ETA anticipates final OMB clearance of the unemployment insurance reform legislative proposal this week. Representative Levin of the House Ways and Means Human Resources Subcommittee will introduce the bill when Congress re-convenes the week of April 20 and will send out a "Dear Colleague" letter to recruit cosponsors.

- **Northern Mariana Islands (NMI):** On March 31, the Senate Energy and Natural Resources Committee Chairman Murkowski admonished the Administration for not enforcing applicable labor, civil rights, and criminal laws in the CNMI and the CNMI government for not making the reforms they have repeatedly promised. The Administration strongly supports legislation reforms because the private sector in the CNMI consists mostly of foreign owners who employ foreign workers who live and work under abhorrent conditions.

- **Adults with Disabilities:** DOL has established the National Task Force on Employment of Adults with Disabilities. A letter has been sent out to the disability community soliciting nominations for this position. The first meeting of the Task Force will be held in late April.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Polio Eradication in Africa:** Eradicating polio from the African continent is one of the remaining major challenges to achieving the goal of eradicating the disease worldwide by the year 2000. This report summarizes progress in 1997 in the World Health Organization African Region with the implementation of polio eradication strategies, and suggests that polio eradication by 2000 remains a feasible target in the African Region.

- **Ryan White Act:** On April 1, more than $508 million in HRSA's Ryan White CARE Act, Title II grants went into effect. The formula grants are awarded to improve health care and support services for people living with HIV/AIDS and their families, and include $278.8 earmarked for state AIDS Drug Assistance Programs.

- **Health Care-Related Taxes and Donations:** On April 2, HHS submitted to Congress proposed Medicaid legislation to clarify HHS's policy with regard to impermissible health care-related taxes and donations. HHS will also brief members of the authorizing committees, members of the delegations of states most affected by the proposed legislation, the NGA, and other interested parties.

- **Children's Health Insurance Program (Title XXI) Approvals:**
  - On April 1, HCFA approved the Title XXI proposal from the State of NY. NY plans to expand children's access to health coverage by expanding enrollment in CHPlus, an existing program. CHPlus is based on a partnership between government and private insurers, and provides subsidies to purchase private health insurance coverage. The program currently provides coverage for children under 19 in families with net household income at or below 185 percent of the Federal poverty level (FPL). HHS disapproved the state's request for retroactive funding for the expansion back to October 1, 1997.
  - On April 1, HCFA approved the Title XXI proposal from the State of IL. IL has proposed a Medicaid expansion to cover children ages 10-19 in families with incomes up to 133 percent of FPL.

- **Tobacco and High School Students:** Approximately 80 percent of first-time tobacco use occurs among youth under 18, and the prevalence of cigarette smoking among adolescents has increased in recent years. To determine current prevalence rates among U.S. high school students of cigarette, smokeless tobacco, and cigar use, CDC analyzed data from the 1997 Youth Risk Behavior Survey. This report summarizes the results of the analysis, which indicate that among U.S. high school students, the prevalence of cigarette smoking increased from 1991-97.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Philadelphia Navy Yard:** On March 31, Secretary Cuomo announced more than $40 million in HUD Section 108 loan guarantees to Philadelphia to help the city establish a shipbuilding facility at the former Philadelphia Naval Shipyard that will provide more than 950 permanent jobs and approximately 600 construction jobs. Philadelphia will use the funds to assist Kvaerner Philadelphia Shipyard, Inc. with a two-year $242 million project that involves construction, renovation of existing facilities, infrastructure improvements, and services to create a world class shipyard. Other federal assistance includes $50 million from DoD appropriations and an anticipated $50 million from DOL.

- **New Home Sales:** On March 30, DOC and HUD announced that new home sales hit 893,000 on a seasonally adjusted annual basis in February, the highest monthly rate ever, and were 5 percent above January's rate. Last week, the National Association of Realtors reported that home resales also hit a new record in February, rising 8.7 percent to a seasonally adjusted annual rate of 4.75 million.

- **Frozen Funds for DC:** On March 27, Director of Special Actions Alvin Brown spoke at the Capital Children's Museum to announce HUD was unfreezing payments earlier earmarked for Washington, DC that were not released. This money, in combination with the regular allocation of 1998 funding, totaled $70 million. The money, which goes to the DC Department of Housing and Community Development, represents a backlog of HUD HOME and CDBG funds.

- **Welfare Reform and Public Housing:** In response to a request from the House Committee on Appropriations, HUD has prepared a study entitled *Welfare Reform Impacts on the Public Housing Program: A Preliminary Forecast*. According to the preliminary forecasts, there is likely to be wide variation among housing authorities in terms of rent revenue impacts, with some authorities experiencing a surplus and some reductions over current revenue levels. This variation will depend upon a number of factors including public housing minimum rent policies, the local economy, and the proportion of tenants who are welfare dependent. While tenants who find employment are likely to increase their income substantially, in at least some of the housing authorities, the majority of tenants affected by welfare reform are not likely to find employment.

- **Blackfeet Housing Case:** On March 30, Secretary Cuomo, MT's U.S. Attorney, and HUD Special Agent in Charge Jeffrey Finn announced a federal indictment under which eleven individuals and two corporations are charged with bribery, theft, and fraud involving a program that brought $5.5 million in housing assistance to the Blackfeet

Indian Reservation in MT through HUD's HOME program. Under the program, funds are provided to federally recognized tribes and AK Native villages to meet affordable housing needs.

DEPARTMENT OF TRANSPORTATION

- **Intermodal Tour:** On April 6-10, Secretary Slater will travel through the Southeastern U.S., to VA, NC, SC, GA, TN and FL. Throughout the trip, Secretary Slater will amplify NEXTEA. He will be joined by Members of Congress and state and local officials.

- **FAA Report:** GAO released a report this week alleging that more than a third of FAA's safety and security inspectors failed to report most of the problems they uncovered at airlines, airports, and repair stations. FAA responded that the test of safety procedures is not the number of citations or the size of the fines, but rather the record itself, noting that the U.S. has the safest system in the world, and that inspectors point out problems on the spot so they can be fixed immediately, without a citation, fine, paperwork, or long delays, resulting in safer airplanes.

- **Domestic Airline Competition:** On April 6, Secretary Slater will announce a draft policy designed to promote competition in the domestic aviation market. DOT has heard from consumers, members of Congress, and new entrant airlines that long-established airlines have developed operating strategies that may deny some areas of the country the benefits of airline competition that flowed from the deregulation of the industry in 1978. DOT is seeking public comment on a policy statement that will define unfair conduct in the domestic aviation market.

- **International Land Transportation Security Conference:** On April 7-9, DOT, DOJ, and State will sponsor an International Land Transportation Security Conference in Atlanta, GA. On April 7, Deputy Secretary Downey will present opening remarks at the plenary session. Other speakers include representatives from the National Institute of Justice, Director General of Transport Canada, and the Police Security Developments Branch in England. The purpose of the Conference is to promote exchanges of information on land transportation threats, actual attacks, and responses, and to extend a partnership among the land transportation security community.

- **Welfare-to-Work:** On March 30, the Dallas Area Rapid Transit (DART) expanded its Express Bus Route 202 to serve the Dallas/Fort Worth (DFW) International Airport and surrounding employment centers. The expansion highlights the objectives of this improved bus route and the region's welfare-to-work initiatives. This service resulted from the efforts of DART and the Transportation Task Force of the DFW Workforce Coalition. Over 24 companies in the DFW corridor have committed to hiring welfare recipients and continuing transportation coordination efforts with local transit authorities.

- **Hertz Safety Seats:** The week of April 7, NHTSA Administrator Martinez will commend Hertz Rent-a-Car for their new child safety program. When parents rent cars from Hertz, at most locations, child safety seats will be installed. This eliminates the major concerns for parents, which are the proper installation and compatibility of car seats.

DEPARTMENT OF ENERGY

- **National Energy Strategy:** On April 8, Secretary Peña will unveil the Administration's Comprehensive National Energy Strategy (CANES) at the National Press Club. The CANES will provide Americans with affordable, clean, and secure energy supplies, while serving as a guide to production and use of energy into the 21st Century. The Secretary will also speak on recent changes in gasoline prices as he releases DOE's Short-Term Outlook. He will call on the country to be more efficient, to support domestic natural gas and oil production, to encourage diversity of global petroleum supplies, and to develop new energy technologies.

DEPARTMENT OF EDUCATION

- **Proposition 109:** On March 31, CA's most competitive public universities announced sharp declines in the number of black and Hispanic undergraduates admitted for next year's classes. These figures are the first to reflect new admissions procedures and criteria resulting from CA's ban on affirmative action in public universities. At UCLA, the number of African American applicants admitted declined from 488 to 280 from 1997 to 1998; the number of Hispanics admitted declined from 1,497 to 1,001. At Berkeley, the decline was more dramatic, from 562 African American applicants admitted in 1997 to 191 in 1998, and from 1,266 Hispanic Americans in 1997 to 600 in 1998. DOEd's Office for Civil Rights is investigating a complaint filed in 1997 based on a similar drop in public law school admissions. In a related development, the MO legislature is considering a bill that would eliminate affirmative action in public education, employment and contracting in that state, which would make MO the third state to abandon affirmative action programs for its colleges and universities.

- **Youth Violence:** DOEd's Safe and Drug Free Schools Program is working with DOJ staff to convene a group of experts to analyze the issue of youth violence and look for common elements and relationships among the incidents.

- **School Construction:** On April 6, Secretary Riley will participate in school construction events with Senators Landrieu and Breaux in Metairie, LA, and on April 7 with Senator Moseley-Braun in Edwardsville, IL. On April 8, Secretary Riley and the Vice President will begin a series of forums at sites across the country highlighting the School Construction proposal.

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VETERANS AFFAIRS

- **Tobacco-Related Disabilities:** Proposed legislation prohibiting compensation for tobacco-related disabilities is estimated by CBO to result in a five-year savings of $10.5 billion. The substance of the legislation and the budgetary implication of the proposed savings were the focus of attention on Capitol Hill this week. In the Senate, VA expects amendments to be offered to the budget that would redirect some or all of the $10.5 billion to pay for VA programs, rather than for highway and mass transportation projects included in ISTEA. On March 31, Acting Secretary West testified before the Senate Veterans' Affairs Committee on the health and compensation aspects of smoking-related diseases.

- **Director of National Cemetery System:** Effective April 3, Jerry Bowen resigned from his position as Director of the National Cemetery System (NCS). Mr. Bowen, an AR native, was confirmed to the Assistant Secretary-level position in May 1993.

- **Free Treatment to Injured Human Research Subjects:** Through a recent *Federal Register* notice, VA announced it will provide free medical treatment to any patients that are injured as a result of their participation in a VA clinical research project. VA is the first Federal agency to authorize free medical treatment to injured research subjects. VA modified its medical regulations based on a Presidential memorandum directing Departments and Agencies to review their policies for the protection of human research subjects and recommendations of the Presidential Advisory Committee on Human Radiation Experimentation.

ENVIRONMENTAL PROTECTION AGENCY

- **Airborne Particulate Report:** On March 31, the NAS released a report on Airborne Particulate, as mandated by Congress in EPA's FY98 appropriation. This report articulates NAS's opinion on the research priorities for airborne particulate matter and a comprehensive framework for meeting these research needs. Some are using this report to argue EPA should delay implementation of EPA's plan for monitoring on particulate matter, thereby delaying implementation of the updated public health standard. EPA will continue to work closely with NAS to ensure timely implementation of the new public health standard.

Watch this

- **Food Quality Protection Act (FQPA):** Members of Congress continue to express concern over EPA's implementation of the 1996 FQPA. These include a letter from 45 members of the House Committee on Agriculture, delegation letters from the House and Senate, and a letter from Chairman Bliley and Ranking Minority Member Dingell of the House Commerce Committee. A primary concern is that EPA will suddenly cancel many or all uses of organophosphate pesticides, one of the most toxic classes of pesticides, leaving growers without sufficient tools to control pests.

- **IL Napalm Shipments:** EPA is working with DoD to resolve issues surrounding a planned shipment of 23 million pounds of Vietnam War-era napalm from southern CA to a privately-owned facility in East Chicago, IL, where it will be blended into fuel and shipped to cement kilns for burning. Because of unrelated but significant environmental violations at this facility (improper storage and management of PCB wastes), EPA regulations require that the facility correct the violations before it can be deemed eligible to receive the napalm. Members of Congress from CA are urging that the facility be allowed to receive the napalm and Members from IL are expressing concern over the suitability of the facility.

UNITED STATES TRADE REPRESENTATIVE

- **Section 1377 Telecommunications:** On April 1, Ambassador Barshefsky announced the completion of the annual review of the operation of U.S. telecommunications trade agreements under section 1377 of the Omnibus Trade and Competitiveness Act of 1988. The review cited concerns with Mexico and Canada policies that are not consistent with their obligations under the WTO Basic Telecommunications Agreement and noted concerns about Japan's deregulation of its telecommunications services market. The review also produced a new agreement with Taiwan which would significantly benefit U.S. carriers.

- **Foreign Trade Barriers:** On March 31, Ambassador Barshefsky released the thirteenth annual U.S. report on foreign trade barriers, *The 1998 National Trade Estimate Report on Foreign Trade Barriers* (NTE). The Administration has negotiated 250 trade agreements designed to advance our economic and trade interests. Coupled with 75 enforcement actions, the agreements have resulted in significant progress. This year's NTE demonstrates that the U.S. vigorously enforces all of its international trade agreements and U.S. trade laws.

- **Jeff Fisher:** On April 10, Ambassador Jeff Fisher will be sworn in by Vice President Gore as Deputy U.S. Trade Representative.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **High Level Contact Group (HLCG) Planning Session:** On April 6-7, Director McCaffrey will lead the U.S. delegation to the next HLCG meeting being held in Mexico City, Mexico. On April 2, the Director hosted a final planning session with the U.S. principals. The planning session will address issues which have arisen in previous HLCG working group sessions and potentially controversial issues which may arise during the HLCG.

- **Needle Exchange Programs:** On April 1-3, Deputy Director Adger traveled to Vancouver, British Columbia, to observe and analyze needle exchange programs. He met with health officials and British Columbia Corner to evaluate the program's effectiveness and impact on the drug user population.

- **Media Outreach:** Director McCaffrey appeared in articles in the *New York Times*, *Miami Herald* and *Minneapolis Star Tribune* regarding military aid for Mexico. He was also quoted in needle exchange articles in the *Sacramento Bee* and the *San Francisco Examiner*.

SMALL BUSINESS ADMINISTRATION

- **National Women's Business Council (NWBC):** Administrator Alvarez has named fourteen members to the NWBC, many of whom were recommended by Members of Congress.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Jonesboro Memorial Service:** At the request of the White House, Director Witt traveled to Jonesboro, AR, to attend the memorial service of the victims of the school shooting.

- **Project Impact:** On April 15, Director Witt will attend Project Impact-AmeriCorps Spring Break activities in Deerfield Beach, FL.

OFFICE OF PERSONNEL MANAGEMENT

- **Year 2000:** OPM issued simplified guidance to agencies for requesting blanket waiver authority for the dual compensation reductions making it easier to re-employ retired federal employees who have critical programming skills. Director Lachance urged agencies to write and request the delegation if it would help with their Year 2000 problem, and she committed to responding by the next business day.

- **Adoption Seminar:** On April 2, OPM sponsored the seminar Thinking of Adopting? in Washington, DC. This seminar continues the Government-wide Federal employee awareness campaign to increase adoption and alternative permanent placement for children in the foster care system. The seminar is part of a series of OPM activities to promote the Administration's goal of adopting or placing in permanent homes at least 54,000 children by the year 2002.

UNITED STATES INFORMATION AGENCY

- **Chile Polling Results:** You should receive a warm welcome during your State Visit to Chile. Chileans widely express favorable opinions of both the U.S. and you, 64 percent and 59 percent respectively. Three-fourths think current relations with the U.S. are in good shape and almost as many believe the U.S. treats their country with dignity and respect. Majorities also express confidence that Latin Americans will benefit from important regional policies promoted by the U.S., including protecting the environment, combating illegal drugs, promoting free trade, encouraging democracy, and protecting intellectual property rights. Results are from a USIA sponsored poll conducted March 12-22.

SOCIAL SECURITY ADMINISTRATION

- **Citizen Engagement Meeting:** On April 18, Commissioner Apfel will participate in a Pew Charitable Trust's "Americans Discuss Social Security" citizen engagement meeting in Austin, TX. Four additional citizen engagement meetings are scheduled during May.

cc:
The Vice President
Erskine Bowles
Sidney Blumenthal
Maria Echaveste
Rahm Emanuel
Jack Gibbons
John Hilley
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
Melanne Verveer

DEPARTMENT OF STATE

Haiti/Trinidad & Tobago: Secretary Albright will travel to Haiti on April 4 to encourage continued democratic progress and economic reform and signal support for the development of Haitian law enforcement capability, especially, especially on narcotics interdiction. She then travels to Trinidad and Tobago to meet with foreign ministers of the fifteen Caribbean nations.

Russian Leadership Changes: The Russian Duma (lower house of parliament) is set to vote on President Yeltsin's candidate for Prime Minister, Sergey Kiriyenko, on April 3, the constitutional deadline for the first of three possible votes on the head of the new government. Speculation is increasing that Kiriyenko will not be approved on the first vote, although it is unclear how he will fare if his name is resubmitted a second or third time.

Asian Financial Crisis: The fallout from the financial crisis is becoming increasingly more than economic. Malaysia has begun massive deportations of illegal Indonesian immigrants, including once-exempted Acehnese claiming political refugee status. The U.S. Embassy believes that the move is not targeted at the Acehnese, but that the Malaysian Government will no longer exempt them. State also wants to ensure that deportation proceedings are carried out judiciously in a safe, humanitarian way. Increasing social and political unrest such as this could unnerve regional financial markets and affect the progress made to date toward stability in the region.

CENTRAL INTELLIGENCE AGENCY

Intelligence Community News: On March 30, Director Tenet met with Director Freeh, Deputy Director Moler and the DOE Weapons Laboratories Directors at FBI Headquarters to discuss the actions necessary to reinforce and improve Counterintelligence practices at the DOE and its national laboratories as outlined in PDD-61.