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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Larry Ward to President Clinton re: Benjamin Couchman [partial] (1 page)	04/23/1998	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Caplan, Phil (Chron Files)
OA/Box Number: 12053

FOLDER TITLE:

April 27, 1998 [2]

2019-0803-S
rs3527

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

'98 APR 24 P4:7:56

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN
4-27-98

Copied
Palmieri
COS

April 24, 1998

MEMORDANDUM FOR THE PRESIDENT

FROM: Jennifer Palmieri JMP

SUBJECT: Schedule for Week of April 27 - May 1

As you will not have a scheduling meeting today, I wanted to submit to you plans for next week's schedule for your approval. Please find a sketch of each day listed below, with full drafts of the schedule attached. Thank you.

Monday, April 27

- Meeting with Bill Hybels
- Call to PM Prodi re: Kosovo (**T**)
  Okay with making call to Prodi? *yes* ✓ *no* ___
- 50th Anniversary of Israel Event
- Option to drop-by National Association of Evangelicals Briefing
- Release of Surgeon General Report on Increase in Minority Smoking
- Strategy Meeting
- Option to drop-by Reception for "David Ifshin Israel Symposium"

Tuesday, April 28

- Message Event TBD
  (possible statement on release of Social Security Trust Fund annual report)
- Lunch with the Vice President
- Depart 6 pm for DSCC fundraiser in New York City (RON White House)

Wednesday, April 29

- Possible Meeting with Sens. Lott and Daschle
  (Larry Stein will decide on Monday whether to proceed with request for meeting)
- White House Reception for Olympic and Paralympic Athletes
- Meeting with Eli Segal

Thursday, April 30

- Possible statement on GDP
- Meeting with Congressional Asian Pacific Caucus
- McCurry "off the record" hour

Friday, May 1

- Depart for California
- Message Event TBD in California
- Down for afternoon
- DCCC dinner

SCHEDULE OF THE PRESIDENT
FOR
MONDAY, APRIL 27, 1998

Final Schedule

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
PRESS DESK:	**ANNE EDWARDS**	
	HOME:	**301-565-3101**
	OFFICE:	**202-456-2921**
	WHCA PAGER:	**4208**
EVENT COORDINATOR:	**LAURA SCHWARTZ**	
	HOME:	**202-331-4339**
	OFFICE:	**202-456-5655**
	WHCA PAGER:	**4293**

WEATHER: **WASHINGTON, D.C.**

Partly cloudy with increasing high cloudiness throughout the day. Winds southwest at 8 to 12 knots. Low 50 to 55. High 72 to 75.

SCHEDULE OF THE PRESIDENT FOR MONDAY, APRIL 27, 1998

Final Schedule

9:00 am- 9:30 am		**MEETING** OVAL OFFICE Staff Contact: Stephanie Streett
9:30 am- 9:45 am		**MEETING** OVAL OFFICE Staff Contact: Erskine Bowles
9:45 am- 10:15 am	**(T)**	**BRIEFING AND FOREIGN POLICY PHONE CALL** OVAL OFFICE Staff Contact: Samuel Berger
10:15 am- 10:30 am		**BRIEFING** OVAL OFFICE Staff Contact: Ann Lewis, Capricia Marshall, Maria Echaveste
10:30 am- 10:45 am		**MEET AND GREET** DIPLOMATIC RECEPTION ROOM Staff Contact: Ann Lewis, Capricia Marshall, Maria Echaveste

10:45 am- 11:45 am

50TH ANNIVERSARY OF ISRAEL RECEPTION
SOUTH LAWN
Remarks: David Helperin
Staff Contact: Ann Lewis, Capricia Marshall, Maria Echaveste
Event Coordinator: Laura Schwartz
OPEN PRESS

-- **The President** and the Vice President are announced into a tent on the South Lawn accompanied by program participants.

-- The National Anthem of Israel is played.

-- The National Anthem of the United States is played.

-- Dr. Sulayman Nyang delivers a reading.

-- Dr. Ismar Schorsch delivers a reading.

-- James Dunn delivers a reading.

-- Richard Dryfuss and Linda Lavin deliver readings from Golda Meier and Harry Truman.

-- The Vice President makes remarks.

-- The President of the Hebrew University of Jerusalem, Professor Menachen Magidor gives remarks and presents the honorary doctorate to **the President.**

-- **The President** makes remarks.

-- **The President** departs.

12:45 pm- 1:15 pm

BRIEFING
MAP ROOM
Staff Contact: Bruce Reed

1:15 pm

THE PRESIDENT proceeds to tent on South Lawn

1:15 pm- 1:20 pm	**MEET AND GREET** DIPLOMATIC RECEPTION ROOM Staff Contact: Bruce Reed
1:25 pm- 2:00 pm	**TOBACCO EVENT** SOUTH LAWN Staff Contact: Bruce Reed Event Coordinator: Laura Schwartz Remarks: June Shih **OPEN PRESS**

-- **The President**, accompanied by the Vice President, Secretary Donna Shalala, Surgeon General Satcher, and Tobacco Free Kids are announced into a tent on the South Lawn.

-- The Vice President makes opening remarks and introduces Secretary Donna Shalala.

-- Secretary Donna Shalala makes remarks and introduces Surgeon General Satcher.

-- Surgeon General Satcher makes remarks and introduces **the President.**

-- **The President** departs.

2:00 pm- 2:15 pm	**BRIEFING** OVAL OFFICE Staff Contact: Samuel Berger
2:15 pm- 6:30 pm	**PHONE AND OFFICE TIME** OVAL OFFICE
6:30 pm- 7:30 pm	**HOLD**

EVENING OFF

BC/HRC RON **THE WHITE HOUSE**
WASHINGTON, D.C.

SCHEDULE OF THE PRESIDENT
FOR
TUESDAY, APRIL 28, 1998

Draft Schedule

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**
TRIP COORDINATOR:	**LAURA GRAHAM**	
	HOME:	**703-212-7642**
	OFFICE:	**202-456-2349**
	WHCA PAGER:	**4809**
PRESS DESK:	**MEGAN MOLONEY**	
	HOME:	**301-951-7193**
	OFFICE:	**202-456-5664**
	WHCA PAGER:	**4483**
ADVANCE LEAD:	**NICK FRIENDLEY**	
	CELL PHONE:	
	STAFF OFFICE:	
	WHCA PAGER:	**5426**

Schedule of the President for Tuesday, April 28, 1998
Draft Schedule

9:00 am- 9:15 am	**MEETING** OVAL OFFICE Staff Contact: Erskine Bowles
9:15 am- 9:30 am	**BRIEFING** OVAL OFFICE Staff Contact: Sandy Berger
9:30 am- 9:45 am	**BRIEFING** OVAL OFFICE Staff Contact: Sandy Berger
9:45 am- 10:00 am	**MEETING** OVAL OFFICE Staff Contact: Stephanie Streett
10:30 am- 11:00 am	**BRIEFING** LOCATION TBD Staff Contact:
11:00 am- 11:45 am	**EVENT TBD** LOCATION TBD Staff Contact: Event Coordinator: Remarks: **PRESS TBD**
TBD	**STATEMENT** LOCATION TBD Staff Contact: Event Coordinator: **PRESS TBD**
TBD	**LUNCH WITH THE VICE PRESIDENT** OVAL OFFICE

TBD		**PHONE AND OFFICE TIME** OVAL OFFICE
5:55	am	**THE PRESIDENT** departs The White House via Marine One en route Andrews Air Force Base [drive time: 10 minutes]
6:05	am	**THE PRESIDENT** arrives Andrews Air Force Base
6:20	am	**THE PRESIDENT** departs Andrews Air Force Base via Air Force One en route John F. Kennedy International Airport [flight time: 55 minutes] [time change: none]
7:15	pm	**THE PRESIDENT** arrives John F. Kennedy International Airport
7:30	pm	**THE PRESIDENT** departs John F. Kennedy International Airport via Marine One en route site tbd [travel time: 15 minutes]
7:45	pm	**THE PRESIDENT** arrives Landing Zone TBD
7:55	pm	**THE PRESIDENT** departs Landing Zone TBD via motorcade en route private residence [drive time: 10 minutes]
8:05	pm	**THE PRESIDENT** arrives Private Residence

8:10 pm- 8:35 pm	**PHOTO RECEIVING LINE** PRIVATE RESIDENCE Staff Contact: Craig Smith Event Coordinator: Laura Graham **CLOSED PRESS**
8:40 pm- 9:30 pm	**DSCC DINNER** PRIVATE RESIDENCE Remarks: Staff Contact: Craig Smith Event Coordinator: Laura Graham **PRINT REPORTER ONLY**
9:35 pm	**THE PRESIDENT** departs Private Residence via motorcade en route John F. Kennedy International Airport [drive time: 25 minutes]
10:00 pm	**THE PRESIDENT** arrives John F. Kennedy International Airport
10:15 pm	**THE PRESIDENT** departs John F. Kennedy International Airport via Air Force One en route Andrews Air Force Base [flight time: 55 minutes]
11:10 pm	**THE PRESIDENT** arrives Andrews Air Force Base
11:20 pm	**THE PRESIDENT** departs Andrews Air Force Base via Marine One en route The White House [flight time: 10 minutes]
11:30 pm	**THE PRESIDENT** arrives The White House
BC/HRC RON	**THE WHITE HOUSE** **WASHINGTON, D.C.**

SCHEDULE OF THE PRESIDENT
FOR
WEDNESDAY, APRIL 29, 1998

Draft Schedule

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**

SCHEDULE OF THE PRESIDENT
FOR
WEDNESDAY, APRIL 29, 1998

Draft Schedule

DOWN UNTIL 12:00 P.M.

12:00	pm-		**MEETING**
12:15	pm		OVAL OFFICE
			Staff Contact: Erskine Bowles
12:15	pm-		**BRIEFING**
12:30	pm		OVAL OFFICE
			Staff Contact: Sandy Berger
12:30	pm-	(T)	**BRIEFING**
1:00	pm		OVAL OFFICE
			Staff Contact: Larry Stein
1:00	pm	(T)	**CONGRESSIONAL MEETING**
2:00	pm		OVAL OFFICE
			Staff Contact: Larry Stein
2:00	pm		**THE PRESIDENT** proceeds to the State Floor
2:10	pm-		**BRIEFING**
2:15	pm		MAP ROOM
			Staff Contact: Maria Echaveste, Capricia Marshall
2:15	pm-		**MEET AND GREET**
2:25	pm		DIPLOMATIC RECEPTION ROOM
			Staff Contact: Maria Echaveste, Capricia Marshall

2:25 pm- 2:30 pm	**WHITE HOUSE RECEPTION FOR U.S. OLYMPIC/PARALYMPIC ATHLETES** SOUTH LAWN Remarks: Laura Capps Staff Contact: Maria Echaveste, Capricia Marshall Event Coordinator: Laura Schwartz **OPEN PRESS**

-- **The President** makes remarks and introduces Michelle Kwan, Olympic figure skater.

-- Michelle Kwan, Olympic figure skater, makes brief remarks and presents the President with a commemorative warm-up suit.

-- **The President** participates in a photo opportunity with Olympians and Paralympians.

-- **The President** departs.

2:30 pm- 3:00 pm	**RECEIVING LINE WITH U.S. OLYMPIC/PARALYMPIC ATHLETES** DIPLOMATIC RECEPTION ROOM Staff Contact: Maria Echaveste Event Coordinator: Laura Schwartz **WHITE HOUSE PHOTO ONLY**
3:10 pm- 3:15 pm	**BRIEFING** LOCATION TBD Staff Contact: Phil Caplan
3:15 pm- 3:35 pm	**PHOTO OPPORTUNITY WITH RECIPIENTS OF THE CITIZENS MEDAL** LOCATION TBD Staff Contact: Phil Caplan **WHITE HOUSE PHOTO ONLY**
3:45 pm- 3:50 pm	**MEETING** OVAL OFFICE Staff Contact: Stephanie Streett

4:00 pm- 4:30 pm		**MEETING** OVAL OFFICE Staff Contact: Erskine Bowles
TBD		**PHONE AND OFFICE TIME** OVAL OFFICE
BC/HRC RON		**THE WHITE HOUSE** **WASHINGTON, D.C.**

SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, APRIL 30, 1998

Draft Schedule

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
	WHCA PAGER:	**4033**

SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, APRIL 30, 1998

Draft Schedule

9:00 am- 9:15 am			**MEETING** OVAL OFFICE Staff Contact: Erskine Bowles
9:15 am- 9:30 am			**BRIEFING** OVAL OFFICE Staff Contact: Sandy Berger
9:30 am- 9:45 am			**BRIEFING** OVAL OFFICE Staff Contact: Sandy Berger
9:45 am- 9:50 am		(T)	**FOREIGN POLICY PHONE CALL** OVAL OFFICE Staff Contact: Samuel Berger
10:10 am- 10:15 am			**MEETING** OVAL OFFICE Staff Contact: Stephanie Streett
10:15 am- 10:45 am		(T)	**BRIEFING** OVAL OFFICE Staff Contact:
10:45 am- 11:15 am		(T)	**STATEMENT** ROOM TBD LOCATION TBD Remarks: Staff Contact: Event Coordinator: **PRESS TBD**
11:15 pm- 12:15 pm			**HOLD** OVAL OFFICE

			Staff Contact: Mike McCurry
12:15 pm- 4:15 pm			**PHONE AND OFFICE TIME** OVAL OFFICE
TBD			foreign policy meeting
4:30 pm- 5:00 pm	(T)		**BRIEFING** OVAL OFFICE Staff Contact: Larry Stein
5:00 pm- 5:10 pm	(T)		**PHOTO OPPORTUNITY WITH ASIAN-AMERICAN STAFF** OVAL OFFICE Staff Contact: Maria Echaveste
5:15 pm- 6:15 pm	(T)		**MEETING WITH CONGRESSIONAL ASIAN PACIFIC CAUCUS** CABINET ROOM Staff Contact: Larry Stein

EVENING OFF

BC/HRC RON **THE WHITE HOUSE**
WASHINGTON, D.C.

SCHEDULE OF THE PRESIDENT
FOR
FRIDAY, MAY 1, 1998

Draft Schedule

SCHEDULING DIRECTOR:	**STEPHANIE STREETT**	
	HOME:	**202-332-5651**
	OFFICE:	**202-456-2823**
PRESS DESK:	**MEGAN MOLONEY**	
	HOME:	**301-951-7193**
	OFFICE:	**202-456-5664**
	WHCA PAGER:	**4483**
ADVANCE LEAD:	**ROB ROSEN**	
	CELL PHONE:	
	STAFF OFFICE:	
	PAGER:	

SCHEDULE OF THE PRESIDENT
FOR
FRIDAY, MAY 1, 1998

Draft Schedule

7:45	am		**THE PRESIDENT** departs The White House via Marine One en route Andrews Air Force Base [flight time: 10 minutes]
7:55	am		**THE PRESIDENT** arrives Andrews Air Force Base
8:10	am	(ET)	**THE PRESIDENT** departs Andrews Air Force Base en route Moffet Air Force Base, California [flight time: 5 hours, 10 minutes] [time change: -3 hours]
10:00	am	(PT)	**THE PRESIDENT** arrives Moffet Air Force Base, California
10:35	am		**THE PRESIDENT** departs Moffet Air Force Base via motorcade en route event site TBD [drive time: 20 minutes]
10:55	am		**THE PRESIDENT** arrives event site TBD
11:00 12:15	pm- pm		**MESSAGE EVENT TBD** SITE TBD Remarks: Staff Contact: Event Coordinator: Laura Graham **OPEN PRESS**
12:20	pm		**THE PRESIDENT** departs event site TBD via motorcade en route local restaurant [drive time: 10 minutes]
12:30	pm		**THE PRESIDENT** arrives local restaurant
12:35 1:50	pm- pm	(T)	**LUNCH WITH YOUNG ENTREPRENEURS** SITE TBD Staff Contact: Event Coordinator: Laura Graham **CLOSED PRESS**

1:55 pm	**THE PRESIDENT** departs Site TBD via motorcade en route private residence [drive time: 10 minutes]
2:10 pm	**THE PRESIDENT** arrives private residence *NOTE: THE FIRST LADY ARRIVES AT 3:00 PM.*
2:15 pm- 7:15 pm	**DOWN** PRIVATE RESIDENCE
7:20 pm	**THE PRESIDENT** and the First Lady depart Private Residence via motorcade en route Private Residence [drive time: 15 minutes]
7:35 pm	**THE PRESIDENT** and the First Lady arrive Private Residence
7:40 pm- 8:05 pm	**PHOTO RECEIVING LINE** PRIVATE RESIDENCE Staff Contact: Craig Smith Event Coordinator: Laura Graham **CLOSED PRESS** *Note: 75 guests.*
8:10 pm- 9:10 pm	**DNC DINNER** PRIVATE RESIDENCE Staff Contact: Craig Smith Event Coordinator: Laura Graham **PRINT REPORTERS ONLY/AUDIO FEED** *Note: 75 guests in attendence.*
9:15 pm	**THE PRESIDENT** and the First Lady depart Private Residence via motorcade en route Private Residence [drive time: 15 minutes]
9:30 pm	**THE PRESIDENT** and the First Lady arrive private residence
RON	**PRIVATE RESIDENCE -CALIFORNIA**

NSC/Sandy
for information
urgent, surely we can
do this - Pls try. Admin. -
BC

1. cc: Dosterrich
2. THE PRESIDENT

1

Copied
NSC
Berger
COS

4-27-98

250 Melius Rd.
Cornwall Bridge, Conn. 06754
Fax: 860-868-3302
April 4, 1998

Dear Mr. President:

We have mutual friends in Bill and Rose Styron, and you may know me a little through my books: perhaps Goodbye, Columbus and Portnoy's Complaint came your way during your student years. I recently heard (though the story may just be apocryphal) that your daughter was writing a paper at Stanford on my work. If that's true, tell her that, if she has any questions, I'd gladly try to answer them.

I am writing directly to you to ask you to intercede with the Department of State in behalf of a friend and colleague of mine from Brazzaville, Congo, a distinguished African novelist and university teacher, Emmanuel Dongala, who was educated in America in the sixties, as an undergraduate at Oberlin College and then at the graduate school of Rutgers University.

Partly through the good offices of Senator Edward Kennedy--and, in particular, through Senator Kennedy's aide Michael Meyers--Emmanuel Dongala, his wife Pauline (formerly an employee of the USIS), and two of their three teenage daughters have been able to find asylum here in Great Barrington, Massachusetts. Emmanuel has obtained a two-year visiting professorship in the chemistry department and in the French department of Simon's Rock College in Great Barrington. Simon's Rock is a small branch of Bard College in Annandale-on-Hudson, New York.

In Brazzavile, where Emmanuel is best known as a novelist--he has won, among other prestigious prizes, Le Grand Prix Litteraire d'Afrique Noire--he taught chemistry at the University of Brazzaville and was also the Dean of Students there until the university was destroyed. As you know, the Congolese civil war that began last summer was a horror unlike anything anyone in that country had ever known, and the terror, if not the war itself, continues. Just two weeks ago, Pauline Dongala's twenty-year-old brother was shot and killed (randomly, for no reason) on a Brazzaville street by a member of one of the wandering militia squads. The Dongalas' house in Brazzavile has been destroyed completely (like much else in Brazzaville).

Here is the Dongalas' family problem. The eldest Dongala daughter, Assita, who is eighteen, has been denied a visa to enter America by the consulate in Kinshasa. Assita is an excellent student and has been offered a four-year full-tuition scholarship to Bard College. The American consulate, however, will not grant

Assita a student visa. After experiencing some nine months of warfare, terror, and near-starvation, a traumatized eighteen-year-old girl has been separated from her immediate family for reasons that are unfathomable to me. She is living with Emmanuel's brother in Brazzaville, not the safest place in the world for one's teen-age daughter to be virtually on her own.

Members of Senator Kennedy's staff have tried to get the consul in Kinshasa to reverse her decision, but not even they have been successful. I believe an appeal was made to the Ambassador there, and that too failed.

Can you help? I make this request on the most fundamental humanitarian grounds.

Sincerely,

Philip Roth

Philip Roth

CAROLINE CROFT

4/23

Nancy.

The attached letter from Philip Roth to the President was given to me last night by Bill Styron for the President.

I believe the President is expecting the letter.

Thank you -

Caroline

PHILIP ROTH
CORNWALL BRIDGE
CONN. 06754

Stobe Sec

National Women's Political Caucus

'98 APR 24 PM7:56

April 24, 1998

President Bill Clinton
The White House
Washington, D.C. 20503

Dear Mr. President:

The National Women's Political Caucus is thrilled over your Administration's dedication to nomination of women to leadership positions. We want to assist in continuing the trend of nominating and appointing exceptional women to top posts in your Administration.

This letter is to express strong support of

Elizabeth Anne Moler

for Secretary of the U.S. Department of Energy. The NWPC is impressed with Ms. Moler's record of service, and we firmly believe her experience and dedication would be an asset in this position.

The National Women's Political Caucus' 27 year history of working with women in public leadership positions gives us an excellent perspective on the qualities and expertise necessary for public service. This candidate, Elizabeth Anne Moler, exudes the qualities of preparation and dedication. She contributes an excellent record of performance in her professional and personal life.

Thank you for your attentive consideration of this recommendation and for your commitment to maintaining the highest levels of quality in the nomination process, while diversifying the representation of Americans in our nation's leadership positions.

Sincerely,

Anita P. Ferguson

Anita Perez Ferguson
President, National Women's Political Caucus

4-24-98
To Burkhardt /
reply?
Yes ✓ N
B.

THE PRESIDENT HAS SEEN
4-27-98

THE WHITE HOUSE

WASHINGTON

April 25, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN Phil
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

I want to discuss where and what before it's finalized and we should do soon

(A) ESPN Town Hall Follow-Up from Judith Winston -- was a very successful event for two reasons: (1) it expanded the race discussion to a new audience (*i.e.,* in the 800,000 households watching, 70% of viewers were male, 30% were under 34 years old) and moved the issues beyond the usual newspaper sections into the sports pages; and (2) you advanced the discussion beyond sports into the issues of closing opportunity gaps, appreciating diversity, taking affirmative steps to reach beyond traditional hiring circles, and developing life skills for all racial groups; there was some criticism that the panel lacked diversity, with only one Hispanic, one woman, no Asians, and no American Indians; there were 40 "watch parties" in 26 states, mostly on college campuses; looking a~~head, plans~~ are underway for your visit to an Indian Reservation, and discussions have begun with PBS for a July discussion on race; *a collection of news clippings on the ESPN meeting is on file in our office.*

(B) *LA Times* Article and Poll on Jewish-American Culture forwarded by Rahm -- interesting article asks the questions, how have Jews contributed to American life? and beyond the "laundry list of Jews and their achievements...what have they given to our culture that is distinctively Judaic?"; article notes that Jews are uncomfortable with such questions and are "racked with internal debates over absorption into the American mainstream and its gradual erosion of their identity;" Jewish history of being outsiders heavily influences this debate; debate centers on whether Jews should assimilate fully or maintain a separate identity; poll indicates that compared to the larger population, Jews tend to have more education; more professional occupations, higher income; stronger Democratic affiliation, and a more liberal ideology; 55% respond that they have never been the victim of anti-Semitism.

(C) *Barron's* Op-Ed Article on the Stock Market forwarded by Larry Summers -- says he found the article interesting and somewhat sobering; article discusses the current euphoria/mania of the stock market; argues that the defense against irrational behavior is ~~knowledge and transparency,~~ and that the Federal Reserve is the institution within the US government charged with making sure the "economy party" does not get out of hand.

Tab A - cover memo + Tab A: Mathews / Winston / COS
Tab C - cover memo + Tab C: Bowles / Sperling

THE PRESIDENT HAS SEEN
4-27-98

ONE AMERICA IN THE 21ST CENTURY

The President's Initiative on Race

'98 APR 24 PM4:56

The New Executive Office Building
Washington, DC 20503
202/395-1010

April 24, 1998

copied
Mathews
Winston
COS

MEMORANDUM TO THE PRESIDENT

THROUGH: SYLVIA MATHEWS
DEPUTY CHIEF OF STAFF

FROM: JUDITH A. WINSTON, EXECUTIVE DIRECTOR JAW
THE PRESIDENT'S INITIATIVE ON RACE

SUBJECT: THE ESPN TOWN HALL SUMMARY AND FOLLOW-UP

The ESPN Town Hall was a very successful event for two reasons. First, it provided a unique opportunity for expanding the discussion on race to a new audience. According to the figures provided by ESPN, 70% of the viewers were male and 30% of the viewers were under 34 years old. Approximately 800,000 households watched the event. The meeting also provided an opportunity for race to be discussed beyond the usual news sections of newspapers. Articles about race in sports pages around the country stimulated conversations by many people who may not often talk about race.

Second, you moved the discussion beyond sports. Your comments drew attention to broader issues of the Race Initiative -- closing opportunity gaps, appreciating our diversity, taking affirmative action to reach beyond the traditional hiring circles, and developing life skills for all racial and ethnic groups.

At the event itself, the panel consisted of 10 athletes, former athletes, coaches and sports executives. There was some criticism of the lack of diversity on the panel -- only one Hispanic, one woman, no Asians, and no American Indians -- although ESPN made an effort to have a more diverse panel. However, despite these criticisms, the discussion was interesting, as evidenced by the ratings which grew throughout the show. Also, ESPN said that following the show their viewership dropped by 50% which means that the audience tuned in specifically to watch the town hall.

Approximately one thousand people were in the audience and 95% of the tickets were distributed by ESPN to local colleges and high schools, community groups, and elected officials to insure a diverse audience.

Letters are being drafted for your signature to the panelists to thank them for their participation and to ESPN officials to thank them for hosting the event. Letters are also being sent to the hosts of the 40 "watch parties" that were held in 26 states. A majority of the "watch parties" were held on campuses as an extension of campus week of dialogue.

There was extensive press coverage in the region and around the country surrounding the town hall. Houston ran a 3-day series called "The Playing Field: Race and Sports" that culminated with a 6-page pullout on the day of the town hall. We have included some of these news clips as well as the special section from the Houston Chronicle.

The ESPN Town Hall provided an excellent opportunity for the nation to continue the discussion on race. As you mentioned in your discussions with several of the board members, we are looking at ways to capitalize on this unique event by looking at the programs in local communities with a sports component similar to the program you mentioned by former Mayor Lanier and identifying them as promising practices.

We have also begun planning for your visit to an Indian Reservation, which will be significant since it has been almost 30 years since a President visited an Indian Reservation. Your visit is part of a broader strategy to insure participation of Native Americans in the Initiative and will include a National Day of Dialogue in Indian Country built around your visit. In addition, we are also looking at possible participation by the Vice President, Mrs. Clinton, Cabinet officials, and the Race Initiative Advisory Board who would also visit different reservations on the same day to discuss race and other issues important to Indian Country.

Finally, we have begun discussions about the proposal for a PBS discussion on race in July and will be forwarding you options in the near future.

ACTION

THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON, D. C. 20220

THE PRESIDENT HAS SEEN
4-27-98

April 22, 1998

'98 APR 22 PM 7:50

Copied
Bowles
Sperling

MEMORANDUM FOR PRESIDENT CLINTON
VICE PRESIDENT GORE

THROUGH: Robert E. Rubin

FROM: Lawrence H. Summers

SUBJECT: Paul Tudor Jones Op-ed on the Stock Market

I found this quite interesting and somewhat sobering.

~~EB/G Sperling~~
FYI
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MANIA: DISORGANIZATION OF BEHAVIOR AND ELEVATION OF MOOD

Paul Tudor Jones
Chairman
Tudor Investment Corporation
(for Barron's)
Draft April 17, 1998

Mania 1: disorganization of behavior, and elevation of mood; 2: excessive or unreasonable enthusiasm*

We are in a stock market mania. Markets are disorganized, and investors are elated to the point of giddiness. If we are to avoid following the path Japan took a decade ago, we need a central bank that is willing to tell investors the facts of life.

The Federal Reserve may not have the statutory or technical tools to moderate just the stock market, but it can and it should work to increase market transparency. Last September, Chairman Greenspan said, "the prices of final goods and services were stable in Japan in the mid-to-late 1980s, but soaring asset prices distorted resource allocation and ultimately undermined the performance of the economy." We cannot let that happen in the United States.

In market bubbles, everyone is optimistic, too optimistic. At times such as these, a country depends more than ever on the sober assessments and leadership of its central bank officials. At the next set of Congressional Humphrey-Hawkins hearings Chairman Alan Greenspan should explain the reasons he and other G7 central bank head are concerned about what is happening in global stock markets.

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* **Source**: Webster's Third New International Dictionary, Unabridged:

Manias and Bubble Markets

Manias are characterized by a disorganization of behavior. The table below is an example. It shows how the trailing three-year growth rate of the S&P 500 has accelerated each of the past three years while the trailing three-year earnings growth has *decelerated.*

THREE YEAR TRAILING GROWTH RATE

	1995	1996	1997	1998
S & P 500	12.2%	16.7%	28.3%	29.2%
Reported Earnings	21.1%	21.0%	10.0%%	8.8%

The dividend discount model provides a good estimate of the fair value of the U.S. equity market. Applying this approach, current market prices require earnings to grow at 11.5% p.a. over the next 10 years -- well in excess of the actual growth rate experienced over the preceding 10 years (10%) or 50 years (6.2%). Given that the above-average earnings growth over the last 10 years is due to one-off factors (e.g. corporate re-structuring and a fall in interest rates), it seems very unlikely that earnings will actually grow at 11.5% p.a. over the next 10 years.

Manias and bubbles are characterized by unreasonable enthusiasm and occur so infrequently in history, people just are not aware of the danger, nor do they want to hear of it. The general lack of recognition of market bubble risk by the vast majority of economists, analysts, financial writers and investors, should not surprise us. Justifications of stock prices moving in the opposite direction from earnings and well beyond historic limits, rather than questioning these trends, is just what happens in market bubbles. Until the top is in, the accompanying financial environment of a true bubble economy is certainly the most seductive and euphoric part of any business cycle. Why stop when it feels so good?

Sixteen months ago, when the S&P 500 index was 47% lower than it is now, Chairman Greenspan soberly asked, "How do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the past decade?" In other words, how do we know when we are in a bubble?

Limited data makes an absolute answer impossible, but there are some guideposts. All economic growth is accompanied by some form of longer-term, credit and asset value expansion. A financial bubble occurs when credit and asset value expansion unsustainably exceeds the productive capacity of the underlying economy.

The total public and private debt of an economy divided by GDP is a rough but useable measure of credit levels relative to the underlying economy. The total value of all equities, also divided by GDP, is a workable measure of asset levels. These two measures reveal the leverage in an economy. They show the degree to which the largest categories of assets in an industrialized economy are supported by the economy itself. Did we leave out real estate? No. Most real estate assets are represented in the mortgage component of debt/GDP, and in the equity category as corporate assets.

Gearing Ratio

We can define a financial bubble by combining the debt and equity measures into a "Gearing Ratio":

$$\frac{\textbf{Total Equities + Total Debt}}{\textbf{GDP}} = \textbf{Gearing Ratio}$$

The term "gearing" is used by analysts and investors to refer to the amount of leverage or debt applied to a given amount of equity to ratchet up or down the return on equity. We use this the same term to focus attention on the degree to which a market is extended relative the economy. In our discussion, "gearing" refers to the amount of total financial leverage, via the equity and credit markets, that is currently being utilized relative to GDP, to sustain a given level of GDP. Stocks are levered assets under this definition, as their value is not a constant. Just as stocks in 1998 trade at over six times book, so too might they again trade at 1 ½ times book or lower as they did for over half of this century.

Table 1 shows the gearing ratio for the United States since 1919 along with relevant measures of stock and credit market values, inflation, and GDP growth.

Table 1 -- United States 1919-to date: Gearing ratio, Inflation and Real GDP Growth

YEAR	Market cap in % of GDP	Debt in % of GDP	Gearing	Inflation	GDP Growth
1919	19%	136%	155%	14.9%	-5.3%
1920	20%	133%	153%	15.8%	-7.0%
1921	32%	176%	208%	-10.7%	-13.1%
1922	29%	171%	200%	-6.3%	12.7%
1923	32%	156%	188%	1.8%	12.9%
1924	32%	163%	194%	0.2%	-0.7%
1925	37%	157%	193%	2.5%	7.3%
1926	39%	157%	196%	1.0%	3.2%
1927	52%	167%	219%	-1.9%	-0.3%
1928	69%	171%	240%	-1.3%	3.5%
1929	**85%**	**167%**	**252%**	**0.0%**	**6.2%**
1930	54%	192%	246%	-2.5%	-9.7%
1931	35%	221%	256%	-8.8%	-7.3%
1932	41%	288%	329%	-10.3%	-16.1%
1933	50%	237%	287%	-5.1%	22.4%
1934	51%	241%	293%	3.4%	-3.4%
1935	64%	222%	286%	2.5%	8.4%
1936	72%	200%	271%	1.0%	13.4%
1937	42%	184%	226%	3.6%	6.2%
1938	55%	194%	250%	-1.9%	-4.6%
1939	51%	187%	238%	-1.4%	8.4%
1940	41%	177%	218%	1.0%	9.2%
1941	28%	155%	183%	5.0%	20.2%
1942	24%	145%	168%	10.7%	16.9%
1943	24%	143%	167%	6.1%	16.6%
1944	25%	155%	180%	1.7%	9.1%
1945	33%	160%	193%	2.3%	-0.7%
1946	31%	157%	188%	8.5%	-8.8%
1947	28%	150%	178%	14.4%	-4.5%
1948	25%	141%	165%	7.8%	2.5%
1949	28%	148%	176%	-1.0%	0.4%
1950	32%	142%	174%	1.0%	8.7%
1951	32%	130%	162%	7.9%	9.9%
1952	48%	131%	179%	2.2%	4.3%
1953	44%	132%	176%	1.0%	3.7%
1954	60%	138%	199%	0.5%	-0.7%
1955	70%	136%	206%	-0.5%	5.6%
1956	72%	135%	207%	1.5%	2.0%
1957	62%	134%	197%	3.4%	1.9%
1959	82%	136%	217%	0.9%	5.6%
1960	80%	138%	217%	1.8%	2.2%
1961	96%	141%	237%	0.9%	2.7%
1962	86%	140%	226%	0.9%	5.1%
1963	90%	142%	232%	1.3%	4.1%
1964	98%	142%	239%	1.3%	5.6%
1965	102%	140%	242%	1.7%	5.6%
1966	84%	136%	220%	3.3%	6.0%
1967	100%	138%	238%	2.4%	2.6%
1968	109%	136%	246%	4.3%	4.1%
1969	87%	136%	222%	5.6%	2.7%
1970	81%	137%	219%	5.7%	0.0%
1971	88%	138%	226%	4.4%	3.1%
1972	99%	138%	237%	3.2%	4.8%
1973	69%	137%	206%	6.3%	5.2%
1974	43%	138%	181%	11.2%	-0.6%
1975	52%	139%	191%	9.0%	-0.8%
1976	57%	138%	195%	5.8%	4.9%
1977	46%	140%	185%	6.4%	4.5%
1978	43%	140%	183%	7.5%	4.8%
1979	45%	141%	186%	11.4%	2.5%
1980	54%	142%	197%	13.5%	-0.5%
1981	45%	140%	185%	10.3%	1.8%
1982	49%	148%	197%	6.2%	-2.2%
1983	54%	153%	206%	3.1%	3.9%
1984	47%	158%	204%	4.3%	6.2%
1985	55%	171%	226%	3.6%	3.2%
1986	62%	180%	242%	1.8%	2.9%
1987	**81%**	**185%**	**266%**	**3.7%**	**3.1%**
1988	62%	187%	249%	4.0%	3.9%
1989	70%	187%	257%	4.9%	2.5%
1990	62%	189%	250%	5.4%	0.8%
1991	82%	191%	273%	4.2%	-1.0%
1992	87%	189%	277%	3.1%	2.7%
1993	95%	190%	285%	3.0%	2.2%
1994	90%	187%	277%	2.5%	3.5%
1995	115%	189%	303%	2.8%	2.0%
1996	132%	189%	321%	2.9%	2.8%
1997	160%	188%	348%	2.4%	3.8%

Here are five fascinating aspects of these numbers.

1. Note how the gearing ratio increased 60% between 1919-1929 (similar to our 50% increase in the last ten years). Also note how there was virtually no inflation at the peak of prosperity in 1929, just like Japan in the mid-to-late 1980s.
2. Note how the gearing ratio exploded between 1929 and 1935, despite a collapse in the stock market. This was due initially to the sharp contraction in GDP, and later to the explosion in the public deficit as a result of the Depression. The same phenomena is now occurring in Japan.
3. The gearing ratio remained range-bound from 1929 to 1987, fluctuating between 185 and 246%. Business cycles abounded during this period, as evidenced by the dramatic fluctuations in real GDP and CPI. The gearing ratio, however, remain essentially unchanged.
4. The crash of 1987, which as Chairman Greenspan said in 1996, "had few negative consequences for the economy" occurred with a stock market/GDP ratio that was less than one third of the 1998 level. A 40% decline in 1987 was the equivalent of about 35% of GDP. Today the same decline would be closer to 75% of GDP, with probably far greater economic consequences if it were to occur.
5. Since Chairman Greenspan took over the Chairmanship of the Fed in 1987 and coincident with the ascendancy of global capitalism, he delivered the most stable, positive real GDP growth since the 1960's, interrupted only briefly by recession during the Persian Gulf War. At the same time, the gearing ratio climbed from 244% to a new, all-time high of 374%. Or to put it another way, we have added financial gearing

to our balance sheet roughly equal to 1 and 1/3 year's worth of GDP in the last ten years while delivering this stable, level of growth.

Global Gearing Ratios

Every country's gearing ratio is racing ahead, but the U.S. is holding on to its lead over every country in the G-7.

Table 2 compares the U.S. gearing ratio to the other industrialized countries of the

TABLE 2 -- "Gearing" Ratios in the G7

	US	UK	JAPAN	FRA	GERMANY	CANADA	ITALY	G7	G7-exUS
1990	250%	275%	353%	145%	209%	248%	158%	234%	231%
1991	273%	306%	342%	150%	222%	264%	165%	246%	241%
1992	277%	307%	320%	152%	220%	273%	179%	247%	242%
1993	285%	326%	335%	165%	237%	283%	188%	260%	256%
1994	277%	292%	351%	160%	237%	295%	191%	258%	254%
1995	303%	314%	364%	163%	242%	303%	188%	268%	262%
1996	321%	324%	357%	170%	257%	322%	192%	278%	270%
1997	348%	346%	348%	181%	275%	335%	195%	290%	280%
1998	374%	362%	351%	192%	285%	345%	203%	302%	290%

Figures at year-end (latest for 1998)

G-7.

In trying to answer Chairman Greenspan's question of, "How do we know when asset values have unduly escalated," refer to Table 3. It contains data from those three

TABLE 3 – "At what levels have asset values unduly escalated ?": Japan, Hong-Kong and Malaysia

	JAPAN					HONG-KONG					MALAYSIA				
YEAR	Market cap in % of GDP	Debt in % of GDP	Gearing	Inflation	GDP Growth	Market cap in % of GDP	Debt in % of GDP	Gearing	Inflation	GDP Growth	Market cap in % of GDP	Debt in % of GDP	Gearing	Inflation	GDP Growth
1988	123%	258%	381%	0.7%	6.3%	107%									
1989	146%	261%	406%	2.3%	4.8%	100%									
1990	85%	268%	353%	3.1%	5.2%	96%								3.3%	9.6%
1991	81%	261%	342%	3.3%	3.8%	123%	132%	255%	11.6%	5.0%				4.2%	10.2%
1992	61%	259%	320%	1.7%	1.0%	148%	124%	272%	9.3%	6.2%	125%	146%	271%	4.9%	6.7%
1993	68%	267%	335%	1.3%	0.3%	282%	130%	413%	8.5%	6.2%	262%	149%	410%	3.4%	8.4%
1994	74%	277%	351%	0.7%	0.7%	178%	145%	322%	8.2%	5.5%	172%	146%	318%	5.4%	9.8%
1995	74%	289%	364%	-0.1%	1.4%	188%	148%	335%	8.6%	3.8%	163%	160%	323%	3.2%	11.7%
1996	69%	288%	357%	0.1%	4.1%	243%	157%	400%	6.0%	5.0%	188%	182%	371%	3.3%	10.9%
1997	58%	290%	348%	1.7%	0.9%	296%	172%	469%	5.8%	6.4%	90%	201%	291%	2.7%	8.0%
current	61%	290%	351%	0.1%	0.2%	192%	172%	364%	3.4%	-0.6%	102%	206%	308%	10.0%	-0.5%

Bold indicates peak gearing

countries that have experienced financial bubbles just within the past decade—Japan, Hong Kong, and Malaysia. Note what happened when the gearing ratio first crossed 400%. Within years, the event marked the beginning of generational economic destruction.

Disinflation – Deflation

Besides having extraordinary gearing ratios, these three bubble economies also shared another important characteristic with the U.S. in 1929. The period immediately preceding the bubble peaks were all characterized by disinflation. The average inflation rate of the peak-gearing year of the four economies was only 2.9%. Disinflation was the Trojan horse. Disinflation brought with it very low interest rates. These in turn spawned stock market gains and a massive over-investment in productive capacity for retail markets that were as illusory and unsustainable as the 30% plus stock market gains on which they were predicated.

Another consequence of exponential stock market moves was the un-virtuous circle created between public sector surpluses and lower interest rates. In most countries, rapidly escalating stock prices increased tax revenues beyond government forecasts, which in turn, reduced budget deficits and lowered long-term interest rates. In Ponzi-like fashion, lower long-term rates became the valuation justification for even higher stock prices and more favorable budget forecasts. The resolution of this process in all four economies was identical — a stock market decline which caused a massive deleveraging of the economy, reductions in growth, and increases in unemployment.

Bubble Tops

Finally, it is interesting to note the acceleration of equity prices in the years leading to the peak-gearing year. Table 4 illustrates these exponential moves and compares it to the current market. The crucial 1998 number for the US is for just the first four months of this year.

Table 4: Annualized Share Price Increases Leading To Bubble Tops

market	year	1 year	3 year	5 year
US	1929	52%	33%	29%
Japan	1989	29%	28%	27%
Malaysia	1993	113%	35%	28%
Hong Kong	1997	53%	20%	23%
Averages		**62%**	**29%**	**27%**
US	*1998*	*39%*	*29%*	*20%*

At our current average one-year share price growth rate, the US gearing ratio will rise above 400% in August, 1998, and will set a new all-time global record in June, 1999.

Central Bank Policy Response

The Federal Reserve cannot remain quiet about the implications of a stock market bubble. Its legislative mandate reflects Congressional concerns about financial instability and makes employment maximization the Fed's first priority. Allowing the economy to enter a financial bubble and risk a market crash is wholly inconsistent with the Fed's statutory responsibilities as expressed in the Humphrey-Hawkins Act. The Fed may not be able to raise rates because inflation is declining, but it can vastly increase the public's understanding of market risk.

Treasury Secretary Rubin underscored this point in a speech at the Brookings Institution last week, "*When investors are well-informed, use that information wisely, and expect to bear the consequences of their actions, they will make better decisions.*"

Earlier this month, Chairman Greenspan responded to a question on whether the stock market is too high by saying, "In this frenetic environment, things are going to fluctuate a good deal both up and down. And I think your 401(k) will squeeze down to a 200(k) or [rise] to a 600(k). (Laughter)." Imbedded in his seemingly offhand remarks are some very serious issues. The Chairman needs to explain what the economic consequences would be today if either of those scenarios came to pass.

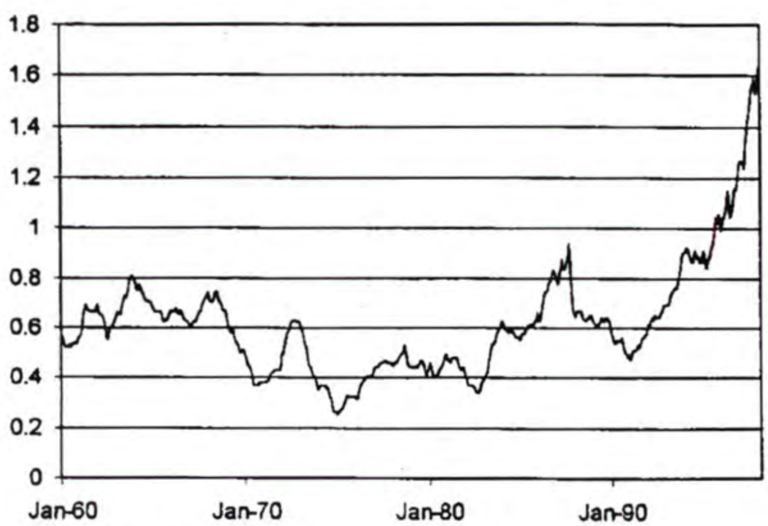
At a minimum, in his next Humphrey-Hawkins Congressional testimony Chairman Greenspan should address three issues relating to the stock market:

First, what are the economic consequences of both a sustained 20% year over year advance as well as decline in stock prices (remember, the United States has spent only 97 market days since the bottom in 1982 with share prices down more than 20% year over year). The consequences to an investor in the stock market are arithmetically straightforward. But given the 60% correlation between retail sales and the stock market, the economic consequences of both a 20% advance or decline to people engaged in everyday commerce could be quite helpful as they plan for the future.

Secondly, what are the budget consequences of recent stock market trends. Stock market related tax receipts have soared in the past two years as a result of increased capital gains revenue. A variety of economists have estimated the figure at between $60-$80 billion or almost 1% of GDP. The Chairman should discuss the budgetary implications of the permanence of these gains as well as provide future forecasts based on an unchanged, up 20%, or down 20% stock market. Given the budgetary experience of the post bubble periods in the U.S. in 1929 and Japan in 1989, now is the time to focus on how to best appropriate our first budget surplus since 1969. It is particularly crucial given Congress's desire to push ahead with an election year tax cut in an economy at full employment.

Third, are current levels of margin debt safe? Margin debt as a percentage of total stock market capitalization has been well within historical boundaries, but it is out of bounds relative to GDP (see Figure 1). Margin debt/GDP is a much more relevant measure than margin debt/stock market capitalization as it measures the ability to pay in real money as opposed to a currency that would be depreciating in a bear market, i.e. other stocks. The availability of financial credit is even more of a concern in light of the $40 trillion worth of global derivatives that have been created in just the 1990s, none of which have been stress-tested in the United States with anything more than a momentary 10% decline in share values.

Figure1: US Margin Debt as % of GDP



Closing Comment

The defense against any type of irrational behavior is knowledge and transparency. Now is an appropriate time to increase market transparency and fully illuminate and discuss the spectacular financial gearing that has been added to our economy in the last decade in a detailed and specific fashion. Hopefully, the ascendancy of global capitalism and technological innovation fully warrant it, and we are not simply pawns in another mania.

The Federal Reserve is the institution within the US government that is specifically charged with making sure the economic party does not get out of hand. They're the ones who are supposed to take the punchbowl away before things get too wild. The Humphrey-Hawkins hearing is the forum established for the Fed to discuss its internal concerns and expectations. Hopefully this will aid in helping the American public to avoid repeating the failures of the past.

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LEARNING
Americans discover their inner poet
PAGE B1

THE CHRISTIAN SCIENCE MONITOR

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BOSTON – TUESDAY, APRIL 21, 1998 Internet address: www.csmonitor.com 75¢

Paving a Bootleg Tobacco Road?

■ Today President Clinton will discuss a tobacco tax bill that industry officials say would spur cigarette smuggling.

By Ron Scherer
Staff writer of The Christian Science Monitor

NEW YORK

A new social scourge will soon appear on America's doorstep. Along with illegal narcotics and endangered wildlife, US border agents will have to search for bootleg tobacco. On city streets and in mall parking lots, contraband smokes will be surreptitiously sold to teenagers out of car trunks.

At least that's the way the tobacco companies paint the future if Congress goes ahead with its plans to add a $1.10-per-pack tax on cigarettes. Such a large fee, they say, will spawn smuggling reminiscent of Prohibition days.

"The price increases they're talking about will create a black market overnight," warns Steven Goldstone, chairman of RJR Nabisco Holdings Corp.

That message is likely to be part of an advertising campaign starting this week attacking proposed tobacco legislation in Congress.

Antismoking advocates are skeptical about such dire predictions. "It's their favorite scare tactic anytime any government proposes a tax," says John Bloom, manager of international issues for the Campaign for Tobacco-Free Kids.

'It's their favorite scare tactic anytime any government proposes a [tobacco] tax.'
– John Bloom

The prospect of seeing its proposed law undermined has not escaped Congress's notice. New Jersey Sen. Frank Lautenberg (D) has drafted a 28-page antismuggling addition to the comprehensive tobacco legislation sponsored by Arizona Sen. John McCain (R). Today, Senator McCain and President Clinton are scheduled

See SMUGGLE Page 5

JOHN NORDELL – STAFF

THIS KITTY YOWLS: *Personal-security alarms, like this one for children, are hot sellers.*

SAFETY IN JAPAN

Gadgets That Shout For Help

By Nicole Gaouette
Staff writer of The Christian Science Monitor

TOKYO

IT'S the sort of thing a junior James Bond – or his sister – would adore.

It looks like a tiny pink plastic change purse emblazoned with one of Japan's most-beloved cartoon characters, a cat named "Hello Kitty." But yank on the dark pink daisy hanging from the bottom of the purse and you'll unleash an alarm that could peel paint.

Japan's consumer spending might be grinding to a halt, but personal-security devices like this little gadget have been flying off the shelves in recent months.

Highly publicized crimes against women and children and a rising crime rate have created a demand for self-defense gizmos where a market barely existed a year ago.

While products like mace and stun guns might dominate the American personal-security market, Japan's new products combine whimsy and technical wizardry so cleverly that you're almost tempted to dismiss them – until someone yanks on the daisy, that is.

"In the past, Japan was considered a very safe country. Every Japanese believed that without doubt," says Masahiro Shishikura, man-

See GADGETS Page 10

cc: Bobbie

Long-Delayed Revival of Little Rock

■ Arkansas capital throws off racism's shadow, with boost from a president.

By Suzi Parker
Special to The Christian Science Monitor

LITTLE ROCK, ARK.

The year was 1957.

Grainy images of nine black students trying to enter an all-white Central High School in Little Rock, Ark., burned into the American memory. Overnight, Little Rock came to symbolize simmering tensions between blacks and whites and their separate systems of education. And from that moment on, Little Rock possessed an inferiority problem.

Four decades later, Little Rock is a thriving Southern city beginning to rise above these memories. The reasons for its nascent prosperity are many, but not surprisingly, hometown boy Bill Clinton's rise to the presidency is right at the top of the list. Tying together history and politics, this city of 184,000 is now experiencing a rebirth that many say should have come long ago.

"I am positive that what happened in this city in 1957 set us back economically and culturally at least 25, maybe 50, years," says Mayor Jim Dailey in his spare office overlooking Markham Street, which will soon be renamed Clinton Avenue. "We had the momentum then and it has taken us a long time to get it back.

See LITTLE ROCK Page 4

STEPHEN B. THORNTON/SPECIAL TO THE CHRISTIAN SCIENCE MONITOR

FRESH FACES: *In downtown Little Rock, Ark., the refurbished Museum Center Building offers educational entertainment to (l. to r.) Andrea Muffuletto, Maya Harshaw, and Sarah Stone. The city is enjoying a rebirth, perhaps long delayed by its infamous fight over desegregation.*

Arafat's New Task: Mend Rift

■ 'Who killed Muhi ed-Din el-Sharif?' sows discord among Palestinians in Israel.

By Ilene R. Prusher
Special to The Christian Science Monitor

JABALYA, GAZA STRIP

Two years ago, Palestinian leader Yasser Arafat tried a new strategy on his competitors from the Muslim fundamentalist group Hamas: If you can't beat them, get them to join you.

That's when Mr. Arafat lured prominent Hamas spokesman and newspaper publisher Imad Faluji into a job as minister of post and communications. The goal: Mend fences with Hamas, and draw the Islamists out of the bombing business and into politics as a legitimate party.

"We want a positive relationship with Hamas," Mr. Faluji says in an interview in his large salon, a frequent meeting place for Hamas and Palestinian Authority (PA) officials. "That is my job. I'm the bridge between the sides."

But that bridge is looking rickety in the aftermath of the assassination last month of Hamas's head bombmaker in Ramallah.

Finger-pointing in the wake of that incident threatens to escalate infighting among Palestinians at a time when Arafat needs to keep militants in check to gain ground in the long-stalled peace process with Israel.

See HAMAS Page 10

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Little Rock Capitalizes on Its Place in History

LITTLE ROCK from Page 1

I think now we have the energy to become a small Atlanta."

Little Rock teeters on the edge of major growth and prosperity. And an important part of the surge comes from the city's connection to President Clinton. From the Wallace Grill mom and pop diner on South Main Street to funky art galleries that have popped up around town, he has helped give the city a sense of renewed pride.

"Because of the president, Little Rock became elevated to a status where people all over the world knew we existed," says Mayor Dailey. "It doesn't matter if it's good or bad press about the president, because of it Little Rock has become well-known as a Southern city. The media began coming to the city and they spread the message that Little Rock was a friendly and beautiful city."

Besides, the time has simply arrived for Little Rock to take its place as an economic and cultural powerhouse in the South, he adds. And so it has.

In the past 18 months, the River Market District on the bank of the Arkansas River has prospered with initial investments from both public and private sectors. Restaurants, specialty shops, museums, art galleries, and a farmers' market now entice people to shop downtown on Saturdays, a sight not seen since the 1960s.

A new much-needed, high-tech public library sits in the heart of the River Market District. Construction has begun on the $50-million Alltell Arena across the river in North Little Rock, which in the recent past has been a rival of Little Rock for industry and exposure as well as the Clinton presidential library site. A minor league ice hockey franchise will call the arena home in 1999 when the building is completed. By connecting the two cities with a proposed light-rail system, both hope to reap the benefits of development.

BUILDING FOR THE FUTURE: *The capital's skyline towers over the site of a new ice-hockey arena in neighboring North Little Rock.*

Demise of a city

For years, Little Rock was trapped in time. The city's residents seemed content with living in the shadow of a racial crisis. Industry did not locate to the state, and the downtown died as urban sprawl eventually took over the city and moved Little Rock westward. Little Rock's movers and shakers abandoned the city's heart, leaving only office buildings that emptied out after the workday ended. City officials thought little of saving downtown except in the early 1980s, when an ill-planned attempt to create a Main Street shopping mall failed.

In 1992, when Mr. Clinton announced his candidacy on the steps of the Old State House, the eyes of the world focused on Little Rock for the first time since 1957, and city leaders, who had been working on various revitalization plans, opened their eyes.

"Little Rock seized a moment that it was given," says Dailey. "We were ready with a plan and when the president was elected it gave us a chance to put the plan into action."

In the early 1990s, the Future Little Rock Initiative, a group of 400 to 600 citizens, gathered for a few months to discuss what was needed to propel Little Rock into the 21st century. City leaders listened. While Little Rock's center raced westward into suburbia, its citizens wanted its heart revived near the Old State House. The Clinton presidency was the time to act.

"I think two things have really generated this growth," explains Paul Latture, executive vice president of the Greater Little Rock Chamber of Commerce. "One, the fact that the president is from here has gotten Little Rock a lot of attention and that started a lot of the projects. Then, because of the public and private investments that started in this downtown area, the president chose his library to be built nearby."

A home for presidential papers

Clinton selected a 27.7-acre site east of the River Market District for his presidential library and museum in November, after intense lobbying from Little Rock leaders. The city knew all along it would have to supply the land for the project and looked at it as an investment. According to some figures, an estimated 300,000 visitors will tour the library annually and bring in $10.2 million for the city with additional revenue generated by tourists at hotels and restaurants.

Little Rock plans to buy the land, demolish industrial buildings on the property, transform an old railroad bridge into a pedestrian bridge, relocate a railroad switch on the property, and declare the area a city park. From the presidential library, the city will radiate outward, say planners, and connect via a thoroughfare to the State Capitol, where Clinton started his political career.

"We should make this area, especially with the presidential library, a civic and tourist focal point," says George Whittenberg, architect and director of the University of Arkansas at Little Rock's Donaghey Project for Urban Design, a planning and development center that is overseeing Little Rock's transformation. "We are calling this river area the Six Bridges District, and from here we plan to generate a sphere of activities. It's important to renew and concentrate on downtown, to have a unique area where people can go."

In a twist, Little Rock has come full circle by highlighting the very episode that hindered its development – the 1957 crisis. Last year, the city hosted the event's 40th anniversary, which the president and first lady attended, with much fanfare and unveiled the Central High Museum and Visitor Center housed in a renovated service station across from the high school.

"This is one of the most exciting times in Little Rock history," says Dailey enthusiastically. "We have been elevated in the world to a status where people now know we exist. As this city develops, though, we have to remember it isn't just for the glitz, but also for the glory."

PHOTOS BY STEPHEN B. THORNTON/SPECIAL TO THE CHRISTIAN SCIENCE MONITOR

A BIG DRAW: *The new River Market District on the bank of the Arkansas River is pulling shoppers back downtown for the first time in 30 years.*

JEWEL BECKER SIMMONS – STAFF

INSIDE LITTLE ROCK, ARK.

Population: 184,510
Population growth rate (1990-97): 2%
Median income:* $30,548
Median home price: $59,400
Major ethnic groups:
White: 64.7%
Black: 34.0%

- Ranks No. 1 in the nation for highest per capita Velveeta cheese consumption.
- Home of the first newspaper published west of the Mississippi River, the now-defunct Arkansas Gazette.
- The Arkansas State Capitol is a three-quarter-size replica of the US Capitol.
- The home of Albert Pike, the only Confederate general whose statue is in Washington.

*for Pulaski County

Sources: Metroplan, Places Rated Almanac 1993

NEW FUTURES ENTERPRISES
4502 Broad Road
Syracuse, NY 13215
315-469-3902
Fax 315-492-3058

'98 APR 27 AM 9:54

4|27|98
Came in interoffice mail
Send to Burkhardt?
Yes ✓
no

To PRESIDENT BILL CLINTON

Fax # 202-456-1121

From ROSEMARY AGONITO

Date Sent 4/24/98

Number of Pages Including Cover Page 1

Message:

I just learned you have asked Congress to drastically cut funding for Section 202 Housing for the Elderly Program. Shame! This will push many older Americans into Nursing Homes, especially older women.

It has become a joke to consider you a woman-friendly president. I voted for you twice and am disgusted by recent events, especially the vicious trashing of the women in your life who have spoken out or been exposed as linked to you sexually. Have you no conscience?

4-24-98

Send to Burkhardt?

Yes ✓

No

should probably send to INS through Agency Liaison. Dan- should also respond ASAP to Larry Ward from POTUS saying that he has referred it to INS for appropriate followup through his Agency Liaison office

Phil

April 23, 1998

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

'98 APR 24 -1:02

Dear Mr. President:

My name is Dr. Larry Wayne Ward and you know my father--Dr. Wayne Ward--very well from his pastorship of Immanuel Baptist Church in Little Rock and from a tour he led to the Holy Land that you and the First Lady joined. I am hoping your regard for him will allow this message to be read. I would never think of doing this without a compelling reason. In fact, I would not be using this communication channel at all without my father's permission. Here is my story as briefly as I can tell it:

Several days ago during a scholarship interview at my university (California State University, Fullerton), I met a truly exceptional young man named Benjamin Couchman. Near the end of the interview session he revealed that his real dream in life was to "be a pilot and serve in the Air Force." Pressed further, he told us that he had already received an APPOINTMENT to the Air Force Academy, but that he didn't think he would be able to attend, due primarily to the incredible backlog at the INS office in the Los Angeles area.

Here is the problem. Benjamin has lived in the United States since age four. His parents, Roy and Sandy Couchman are/were British citizens. They applied for U.S. citizenship in July 1997. Their fingerprints have been processed. They have successfully passed the citizenship test. They are just waiting for an interview and swearing-in. Ben will be 18 on May 17th. If his parents become citizens before he is 18, Ben will automatically become a citizen. And Benjamin MUST BE a citizen before June 23rd in order to attend the Academy. The Los Angeles INS office is working through applications in chronological order with a backlog from a year to 16 months. It will simply be too late for Benjamin by the time the INS reaches his parents.

The Couchmans have tried everything in their power to expedite matters. Evidently they would have to be dead or dying to qualify as a "special case." They have tried to contact INS Commissioner Meissner, Vice-President Gore, and Senators Feinstein and Boxer. The person who rightly SHOULD BE championing their cause--Republican Rep. Jay Kim--is, as you know, under house arrest in Washington.

I do not know why people seem incapable of helping Ben's parents now. I do know that not ONE THING in this scenario is the fault of funny, bright, self-deprecating 17 year old Ben Couchman. All he has done in his life is excel at the very highest level. He wasn't crying or whining about his situation. When he left our scholarship committee meeting we were all laughing. Out of a huge pool of applicants, Ben had just made the first cut on his way towards a much coveted summer lifeguard position.

If your staff is doing the kind of screening I'm sure they have to do, I assume your eyes will never see this message. I can only imagine how many worthy, impassioned and pressing requests The White House receives each day. But if you, or someone on your staff can find any way to expedite this matter, it would enable a very deserving young man to live out his dream. If you had met him face-to-face, you would be as convinced as I am.

Here are the pertinent names, addresses, phone numbers, alien numbers and citizenship receipt numbers:

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Larry Ward to President Clinton re: Benjamin Couchman [partial] (1 page)	04/23/1998	b(6)

COLLECTION:
Clinton Presidential Records
Staff Secretary
Caplan, Phil (Chron Files)
OA/Box Number: 12053

FOLDER TITLE:
April 27, 1998 [2]

2019-0803-S
rs3527

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

- C. Closed in accordance with restrictions contained in donor's deed of gift.
- PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
- RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Dr. and Mrs. Roy Couchman
3558 Cotter Rim Lane
Diamond Bar, CA 91765
(Home) 909-861-7921
(Work) 714-727-1733 ext. 359
e-mail: rcouchma@kofax.com

Roy Couchman's alien number is (b)(6)
His citizenship receipt number is

Sandra Couchman's alien number
Her citizenship receipt number is
Their son is Benjamin Couchman

I am:
Dr. Larry Ward
Department of Communications
California State University, Fullerton
e-mail: lward@fullerton.edu
(Home) 714-970-7318
(Work) 714-278-2627

I deeply appreciate your consideration. I will try to follow-up this fax with a telephone call next week.

Sincerely yours,

Larry Ward

NEW YORK WOMEN'S AGENDA
Nine East 41st Street, Second Floor
New York, New York 10017

4-27-98

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BC

President William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

NEW YORK WOMEN'S AGENDA

"A Voice for Women"

9 East 41st Street, 2nd Floor, New York, NY 10017 • Tel: (212) 867-6992 • Fax: (212) 867-2101

April 23, 1998

4-27-98

President William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

I am devastated that because of a family problem, I am unable to join you at the day care meeting today. I just wanted you to know how deeply grateful I am to you and the First Lady for your efforts on behalf of our children.

When you come to our City, I know you are so much in demand that we have very little chance of meeting with you. We still hope that on one of your whirlwind visits you can find time to meet with the leaders of the major women's organizations. I know you must be tired of my pleading for this, but I can't begin to tell you how much even a brief discussion on issues of major concern to us would mean. I understand you will be here on April 28th. That afternoon we are holding one of our series of New York Women's Agenda events. These are informal gatherings designed to bring about fifty or more women opinion-makers together, usually with men in public office and/or in corporate leadership positions. We call these gatherings our "Getting To Know You, Getting To Have You Know Us" events.

On April 28th from 5:00 to 6:45pm we will be hosting Mark Green at my home. I know he will be joining you immediately after that, and that your calendar is probably full for that day, but perhaps you would be willing to schedule a stop-in at this event. Senator D'Amato who attended a recent one can tell you they are interesting and worthwhile and non-partisan!

Meanwhile, I'm so sad to be missing the day care announcements today. I always look forward to showing off the wonderful medal that I proudly wear whenever I have a chance. Thank you again for that, and for your continuing interest in and leadership of causes that we women care about so much!!

Sincerely,

Elly

Elinor Guggenheimer

THE PRESIDENT HAS SEEN
4-27-98

fyi, cc John P
~~EB~~ | Gms
We need to look into this - don't want this to sail through

Audrey T. Haynes 04/15/98 09:44:44 AM

Record Type: Record

To: Katharine Button/WHO/EOP

cc:
Subject: Information

I have some information that will be of interest to Melanne and Ms. Clinton regarding a bill sailing through the House and Senate, please pass this E-Mail on:

HR3150 and S1301 - Bankruptcy Reform Bill

This bill is being promoted by credit card companies/big banks. Divorcees are people who use bankruptcy most. Women file often for BR. However, child support has always been one thing exempted from the law, in other words, parents who file BR could not avoid paying back child support, etc. The new bill going through congress, puts credit card bills as important as child support.............Now, if Citicorp goes after someone for not paying their credit card bill and Jane Q. Public goes after the same person for child support.....who do we think is most likely to get their $????

There is a professor at Harvard, Elizabeth Warren who brought this to our attention. She has met with many members of the committees. She is a bankruptcy expert and is the one that discusses bankruptcy law on NPR. Anyway, Maria and I are going to set up a meeting with some folks in the WH next week for Elizabeth to explain all this. I do not think the Administration would want to hang our hat on a bill that says Diners Club is as important as child support???

Thanks......just make sure Melanne and First Lady are aware. thanks Katy.

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THE PRESIDENT HAS SEEN
4-27-98

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VP
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Q & A

Gaylord Nelson

VP - fyi - BG

Former senator and Earth Day founder reflects on 28 years of activism

Gaylord Nelson (D-Wis.) introduced the idea of a teach-in on environmental issues called "Earth Day" in 1970 while he was a senator. Twenty million people participated in 1970 and today it is celebrated by billions of people around the world. Former Sen. Nelson, now the counselor of The Wilderness Society, was interviewed by The Hill's Greg Bryan.

Is Earth Day as important now as it was in 1970?

"Yes. It is more important really. I thought of the idea of trying to arrange an event big enough to force the environment issue to the attention of the political establishment. I thought it {Earth Day} could. It is more important now because at the grass-roots level for 20-something years, schools and organizations are observing the event one way or another. If we had just had the big demonstration, then however important it was, it is more important now that so many groups are involved."

Did you think Earth Day would still be around now?

"I didn't think that far ahead. My immediate objective was to get a demonstration big enough to shake up the political establishment and that happened. I got hundreds of requests for copies of my speeches from other congressmen because they had never dealt with the question. My idea was to institutionalize it as an annual event; it turned out it was automatically this because the community liked the event, and if I had done nothing it would have institutionalized itself."

Should environmental problems be redressed in legislation or in events like Earth Day?

"Both. I think there are a lot of legislation efforts that have been made over the years, but the important thing is to finally create a generation that is imbued with a guiding natural ethic, so that when they are in charge of the country they will be guided by an ethic that asks the question, 'If we introduce this here in nature what will the consequences be?' If we develop this then they will always ask the question of impact. If we had historically asked the question we would not have committed the blunders we had. For example, 50 percent of the wetlands we destroyed, we would have seen the values, economically and ecologically. If we had seen that then 90 percent wouldn't have been drained."

PHOTO BY FRITZ ALBERT/COURTESY OF THE WILDERNESS SOCIETY

Former Sen. Gaylord Nelson (D-Wis.) is now with The Wilderness Society, an environmental group.

How do you view President Clinton's environmental record?

"Basically it's better than anyone else since [Jack] Kennedy, maybe since [Franklin] Roosevelt. He didn't come into this raised on the issue of the environment; neither was Jack Kennedy, but he appointed good people and was willing to support and go along with it. And although this president has been very good on the issue, what we lack is that kind of leadership that would be spelling out, in one annual message a year, the state of the environment and what we need to do to sustain the environment and the economy. Every president should be giving an annual message to continue to address the question."

How do you view the environmental record of the 105th Congress?

"I don't know, I guess I would have to look into it more. Nothing to write home about, I'll tell you that."

Who do you feel are the most important environmentalists to read?

"There are a lot of good writers on the environment. If I would list just one, it would be Aldo Leopold. The 'Sand County Almanac' and his discussion of the land ethic is the outstanding environmental philosophy of the century. I had the good luck to meet him before he died, but I didn't know then that he was going to be famous because the book wasn't published until after his death."

THE PRESIDENT HAS SEEN
4-27-98

THE WHITE HOUSE

WASHINGTON

April 24, 1998

MEMORANDUM FOR THE PRESIDENT

FROM GENE SPERLING
SYLVIA MATHEWS

SUBJECT: *Prosperity*

As you know, two of the top reporters for the Wall Street Journal, David Wessel and Bob Davis, asked both of us to give you a copy of their recently published book *Prosperity*. They are both highly intelligent reporters who cover your policy agenda and so we wanted you to not only have their book, but also be familiar with it. Indeed, some of the themes could be relevant to your MIT Commencement Speech. We asked Peter Orszag to read the book and provide you with a summary which is attached.

cc: Michael Waldman

copied
Sperling
Mathews
COS

THE WHITE HOUSE

WASHINGTON

April 24, 1998

MEMORANDUM FOR THE PRESIDENT

THROUGH: GENE SPERLING
SYLVIA MATHEWS

FROM: PETER ORSZAG

Thanks — interesting BC

SUBJECT: Bob Davis and David Wessell's *Prosperity: The Coming 20-Year Boom and What It Means to You*

Prosperity: The Coming 20-Year Boom and What It Means to You, a new book by Bob Davis and David Wessell of the *Wall Street Journal,* offers a decidedly upbeat prognosis for the U.S. economy. The book has two principal themes:

- Workers and firms are finally figuring out how to use computers effectively, and therefore the computer revolution will unleash a significant improvement in productivity growth over the next 20 years.

- As more people respond to the education wage premium by attending college -- especially community colleges -- and as technology makes some tasks *easier* rather than more complicated, inequality will narrow.

As discussed in the conclusion of this memorandum, some cautious optimism may be warranted on both these fronts. But two caveats are crucial. First, while Davis and Wessell put forward a very optimistic view of the world, their view is less extreme than that of some other (perhaps less responsible) prognosticators. Second, history has shown how easy it is to make forecasting mistakes, and a variety of countervailing forces could well turn out to dominate the ones identified by Davis and Wessell.

Davis and Wessell highlight their two main themes with two pedagogical devices. The first is a plethora of specific examples -- from the role of computers and enlightened management in improving productivity at the Allen-Bradley Company in Milwaukee, to the impact of Cuyahoga Community College in Cleveland in training workers for better jobs, and the experiences of the Kerley and Blentlinger families in Chattanooga through the "golden age" of 1950-1973 and the "age of anxiety" of 1973-1996. The second is broad comparisons between the beginning and end of the 20th century -- between the spread of computers now and the spread of electricity then, and between increased enrollment at community colleges now and increased enrollment at high schools then.

The computer revolution now and the spread of electricity then

Alan Greenspan has grown fond of citing research by Paul David of Stanford and others, comparing the computer revolution that we are experiencing now to the spread of electricity in the early 20th century. Davis and Wessell pick up on this theme, devoting several chapters to explaining the similarities in detail:

- In 1884, Frank Sprague exhibited his first electric motor. Nonetheless, it took four decades before the majority of America's factories moved away from the old system of shafts and belts -- which required the *entire* factory to operate or shut down simultaneously, even if only one part of the factory needed to run or be repaired -- to the new system of decentralized motors. Davis and Wessell offer several explanations for the delay, including the reluctance of managers to adopt a new and potentially risky technology given the millions of dollars they had sunk into the old belt and shaft machinery; the refinements that were necessary in the technology of electric motors, which took time to develop; and perhaps most importantly, the inherent inertia in human responses to new technology.[1]

- In 1899, only 3 percent of factories used motor-driven machinery. By 1919, the share had risen only to a third. During the 1920's, however, the technology took off. By 1929, 56 percent of factories used motor-driven machinery. As Davis and Wessell write, "At that point, a majority of the nation's factories were committed to using electric technology and replacing shaft-and-belt systems with electric motors. The trend began to feed on itself. As factory after factory installed individually powered machines in the 1920s, word spread through a web of industry contacts..."

- Davis and Wessell believe that the "United States is now at a similar take-off point -- this time, powered by microcomputers. Census Bureau surveys show that about half of American workers today use computers on the job -- a fair analogy to the percentage of factories using electricity in 1920. And as with electricity, productivity will start to increase dramatically." The authors cite academic studies suggesting that computers could boost productivity growth by 0.3 to 0.5 percentage point per year (which would amount to an increase of roughly 30 to 50 percent, relative to the current long-term trend of about 1.1 percentage point per year).

- The authors note that many of the most important advances in computer and

[1] As in the computer age, the beginning of the electric age witnessed several battles among competing standards -- which slowed the dissemination of the technology. The most prominent battle in electricity standards was between alternating current (which was backed by George Westinghouse, and had an advantage in transmissions over long distances) and direct current (which was backed by Thomas Edison, and had an advantage over short distances).

communications technology resulted from government investment. The Internet is perhaps the most prominent example, but many crucial research projects were sponsored by DARPA and other government agencies. Today, the Federal government is investing roughly $1 billion per year in computing and communications research -- relative to $14 billion invested in the National Institute of Health.

Community colleges now and high schools then

Davis and Wessell document the role of high schools in promoting greater income inequality in the early 20th century. They argue that community colleges are likely to play a simi[illegible]le in the early 21st century.

- In 1910, only about 10 percent of 17-year-olds in the Midwest were high school graduates. Controversy swirled over whether the high schools should continue focusing on traditional academic subjects (Latin and the classics) or emphasize vocational training (typing, shop, etc.). President Teddy Roosevelt complained in 1907 that "our school system is gravely defective in so far as it puts a premium upon mere literacy training and tends therefore to train the boy away from the farm and the workshop."

- In the two decades or so that followed, both enrollment and the curriculum at high schools expanded substantially. By the early 1930s, the typical Midwestern 17-year-old had a high school diploma and by 1934, as many U.S. high school students were taking typing as were taking Latin or algebra.

- Despite the increased demand for educated workers during the 1920s, the large influx of workers with high school degrees narrowed wage differentials. As Davis and Wessell argue, "in labor markets that determined whether the vast majority of Americans did well or not, there was more equality, and the expansion and evolution of the high school deserves much of the credit for that."

- Davis and Wessell believe that the nation's 1,100 community colleges will play a similar role in the 21st century. The mechanism is the same as the one operating through high school education earlier in the century: as the wage premium for better educated workers induces more people to attend school, the increased supply of educated workers drives down the wage premium and reduces wage differentials.

- Davis and Wessell cite a paper co-authored by Cecilia Rouse, a Princeton professor currently on the NEC staff, showing that each year of college course work (whether at a four-year college or a community college) raises subsequent earnings by up to 6 percent.[2]

---

[2] Other studies show somewhat higher returns to college education. The CEA has summarized the relevant literature as indicating a return between 5 and 15 percent per year.

Davis and Wessell note that at least partly in response to this wage premium, enrollment at community colleges has grown by 24 percent over the past decade, roughly twice the rate of growth at four-year colleges. Today, about 40 percent of today's college students are attending a community college.

- The authors emphasize that community colleges are particularly effective because they are closely integrated with -- and responsive to the needs of -- local employers, just as high schools were in the early 20th century. As they write, "What business wants, community colleges teach."[3]

Conclusion

What then should we take from the book? Unlike many, Davis and Wessell should be commended for being willing to make specific long-term predictions about fundamental issues affecting the economy (Paul Volcker once remarked that a forecaster could pick a number or a date, but never both!).[4] And unlike others who are willing to make bold predictions, Davis and Wessell insist on backing up their thinking with empirical evidence and logic. The book makes a reasoned case for optimism -- provided in language that could be broadly understood.

The most recent productivity numbers seem to underscore the first theme of the book. Productivity growth over the past 25 years has averaged 1.1 percentage point per year, but increased to 1.7 percent in 1996 and 2.1 percent in 1997. While it is much too soon to declare a new "trend" in productivity growth, many observers believe that we could be seeing the first glimpses of a computer-driven uptick. As Alan Greenspan recently testified, "More recent evidence remains consistent with the view that this capital spending has contributed to a noticeable pickup in productivity..." If the recent increases in aggregate productivity growth are indeed maintained, they could help answer the puzzle of why, as Nobel prize-winning economist Robert Solow put it, "You can see the computer age everywhere but in the productivity statistics."

---

[3] Davis and Wessell compliment you for your emphasis on community colleges, but unfairly criticize the Hope Scholarship as "lousy policy" which subsidizes "college tuition bills for upper middle-class and affluent families" instead of "concentrating on the families where it would make the most difference -- those with incomes below $40,000."

[4] In addition to their two principal themes, the authors argue that increased trade offers benefits for the middle class through both exports <u>and</u> imports. They note that exports boost incomes through improved (not necessarily more) jobs. They also emphasize the benefits of imports, which expose domestic firms to new technology and management techniques, provide consumers with more variety, and restrain inflation. As they write, "It's hard for Americans to appreciate the benefits of imports because it's impossible to imagine life without them."

Yet despite the most recent productivity figures and the evidence marshaled by Davis and Wessell on the side of optimism, at least two crucial caveats must be emphasized. First, a 0.5 percentage point increase in annual productivity growth from computers would make a significant difference in economic performance over time.[5] But it is not nearly as dramatic as the increases that others have suggested are possible. Jack Kemp, for example, has suggested we could double the economy's growth rate, which would imply an increase of 1.1 percentage point or more. Even a 0.5 percentage point per year increase, furthermore, would imply that trend productivity growth would remain only about half of what it was before 1973 (about 1.6 percentage point per year, relative to 2.9 percentage point per year between 1950 and 1973). Thus, even if the optimism of Davis and Wessell ultimately proves correct, the potential gains are much more moderate than sometimes claimed in popular discussions.

Second, while some cautious optimism may be warranted, we should be chastened by the many historical examples in which a favorable long-term economic shift was more apparent than real. Davis and Wessell themselves cite a *Time* magazine article from 1969, before the stagflation of the 1970s, concluding that "The amazing U.S. economy may defy even the laws of physics: what goes up need not necessarily come down." Given the large uncertainties involved in forecasting the future behavior of technology and workers, such mistakes are more than possible again. For example, economists still do not understand what caused the slowdown in productivity growth around 1973. Nor do they fully understand the complex relationships involved in research and development, technological dissemination, and economic growth. While mini-computers may well be nearing their "take off" point, they may have a much longer runway than anyone has previously thought. And while inequality may indeed narrow as more people attend community colleges, it could rise if low-skilled immigration swells, trade expands dramatically, or new technology lifts the skill premium even faster than increased education reduces it. After all, the authors themselves note that community college enrollment has risen rapidly over the past decade. Yet over that period, income inequality *expanded* -- because the positive impact from increased community college enrollment was dominated by other adverse trends.

In the end, then, achieving higher growth <u>and</u> lower inequality in the future remains an alluring but somewhat uncertain possibility. Perhaps the best way forward is therefore to continue pursuing policies that promote growth and/or reduce inequality even if we do not, and can not, know their precise long-run economic impact. (As just one example of this effort, your advisers are currently working on policy initiatives that could be announced as part of your MIT commencement address to keep the United States at the forefront of the information revolution.) It is also worth emphasizing that unlike previous Administrations, this Administration has

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[5] Over 30 years, a 0.5 percentage point increase in productivity growth would ultimately raise GDP per capita by over 15 percent -- or over $5,000 per person in today's dollars -- relative to the baseline. It would also reduce the 75-year actuarial deficit in Social Security by about 0.5 percent of payroll -- from 2.23 percent to roughly 1.7 percent.

always used conservative economic assumptions. We have underestimated growth and overestimated the deficit for five years in a row, and our credibility has benefitted substantially as a result.

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What about this?
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4-27-98

Administration Delays Paying Medicare Bills

Federal Agency Orders Cost-Saving Changes

A1

By ROBERT PEAR

WASHINGTON, April 24 — In an effort to save money, the Clinton Administration is slowing the payment of Medicare claims submitted by doctors, hospitals and other health care providers, according to Federal officials and Government documents.

The Government has also ordered insurance companies that review and pay Medicare claims on behalf of the Government, to send fewer notices to beneficiaries and to make greater use of telephone voice mail to answer inquiries from doctors checking the status of unpaid claims.

These steps illustrate fiscal problems at the Medicare agency, which provides health care for 38 million people who are elderly or disabled. The volume of claims has soared in recent years, but the budget for reviewing and paying claims has changed very little. At the same time, the agency has been swamped with new duties and responsibilities as a result of several laws enacted in the last few years.

Doctors and insurers said the effects of the changes were already being felt. United Health Care, a Medicare contractor that pays claims in Virginia, Connecticut, Minnesota and Mississippi, informed doctors of the changes in a recent bulletin headed, "Reductions in Medicare Program Funding Will Impact Services to Providers and Beneficiaries." Under the new policy, it said, doctors may have to wait up to 20 days for payment of electronic claims, 6 days more than in the past.

Gary P. Kavanagh, the director of Medicare's contractor management group, described the need for savings in a recent directive to contractors. Mr. Kavanagh told contractors to "reduce the number of check runs that are performed on a weekly basis," meaning that checks are to be issued less frequently. And he said, "We recognize that some of these changes eliminate services that both the beneficiary and provider communities have come to expect from Medicare."

Nancy-Ann Min DeParle, who supervises Medicare as administrator of the Federal Health Care Financing Administration, said contractors

Continued on Page A11

Continued From Page A1

could save money and stay within their budgets by increasing the efficiency of their operations. In the last four years, she said, the average cost of reviewing a claim has declined because more claims are submitted electronically, rather than on paper.

Even before the Government told Medicare contractors to change their payment cycles, doctors in some parts of the country were complaining of delays. Robert L. Dernedde, executive director of the Oregon Medical Association, said doctors there had documented "a whole raft of unpaid claims."

The United States Senators from Oregon — Ron Wyden, a Democrat, and Gordon H. Smith, a Republican — said the new Medicare contractor for their state had delayed or denied many legitimate claims.

The contractor, Blue Cross and Blue Shield of North Dakota, which pays claims in 10 Western states, acknowledged that there had been problems in Oregon. Jay Martinson, vice president of Blue Cross and Blue Shield of North Dakota, offered a "most sincere apology" in a notice sent to Oregon doctors last fall. In a recent interview, he said his company had solved the problems, many of which had been caused by computers.

But some Oregon doctors and Senator Wyden said many of the problems persisted.

"Patients are getting understandably upset about their bills not being paid," he said. "They call their doctors and ask what they should do."

Delays in paying Medicare claims come on top of a great public outcry over delays in payment of private insurance claims by some companies, including Oxford Health Plans. Timothy B. Norbeck, executive director of the Connecticut State Medical Society, said the delays by private insurers had become an acute problem for many doctors.

In his memorandum to Medicare contractors around the country, Mr. Kavanagh announced various reductions in Medicare's "1998 budget and performance requirements." Medicare officials set the performance requirements to keep within the budget set by Congress.

Because of the tight budget, Mr. Kavanagh said, doctors and hospitals will be paid less frequently. He acknowledged that some contractors would therefore miss deadlines for paying Medicare claims, so the Government would have to pay interest.

In his memorandum, Mr. Kavanagh said the delays might generate new costs for the Government. "We recognize that, in some instances, taking this action will cause you to miss claims-processing timeliness requirements and necessitate the payment of interest on some claims," he wrote. The new costs may be offset by the interest the Government could earn by holding on to the money longer.

Many contractors pay their Medicare claims every day. By issuing checks less frequently, Medicare officials said, the contractors can reduce spending for the use of computers and postage, because payments to a doctor or supplier can be bundled together. But several contractors have resisted the changes, saying that the savings would not be significant.

Mr. Kavanagh, a 20-year veteran of the agency, also instructed Medicare contractors to answer doctors' calls with machines, known as automated response units.

Tony Lombardo, executive director of Medicare operations at the Blue Cross and Blue Shield Association, said: "Some organizations still allow people to pick up the phone and talk to a real person. But the Government, like many businesses today, finds that it's cheaper to use machines to answer questions."

Delays on Medicare claims come on top of other delays.

The decision to slow payments reflects an assessment by career civil servants about how best to manage Medicare in the aftermath of budget cuts voted by Congress. The decision is supported by White House officials and by Administration appointees to the Department of Health and Human Services, who are engaged in a political tug-of-war with Congress over the financing and direction of the Medicare agency.

The Clinton Administration has had difficulty getting extra money from Congress to manage the Medicare program, even though lawmakers are quick to pounce on the Medicare agency when it misses deadlines set by Congress. Speaker Newt Gingrich has described the Health Care Financing Administration as "a centralized command bureaucracy," and Republicans do not fully trust the agency.

Several Medicare contractors said it was pointless to follow the Government's instruction to issue Medicare checks less frequently.

"We process more than 50 million claims a year," said Marti Mahaffey, vice president of Blue Cross and Blue Shield of Texas, which pays claims in Texas and five other states. "We really don't think there would be any savings if you reduce the number of check runs or delay the mailing of checks."

Patients are normally sent an "explanation of Medicare benefits" itemizing the services they have received. But the Government has told Medicare contractors to "suppress," or eliminate, the notices sent to beneficiaries for laboratory work, flu shots, mammograms and other services when the patients do not owe any money.

Bruce A. Davidson, senior vice president of Blue Cross and Blue Shield of Florida, said, "It is simply not possible to manage the Medicare program without significant new funds." Mr. Davidson noted that last year Congress made vast changes in Medicare and revised the formulas for paying most health care providers, including hospitals, nursing homes and home health agencies.

To help cover the costs, President Clinton has proposed charging user fees to doctors, hospitals and others who care for Medicare patients.

The New York Times
MONDAY, APRIL 27, 1998

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How a Tax Law Helps Insure a Scarcity of Programmers

By DAVID CAY JOHNSTON

The Senate holds hearings this week on complaints of taxpayer abuse by the Internal Revenue Service, but the agenda does not include the role of Congress itself in creating taxpayer woes, particularly for tens of thousands of computer programmers.

But just ask Midge Johnson, a would-be programming entrepreneur, about a longstanding tax law that is pointed specifically at software professionals and prevents many of them from setting up freelance businesses. Lately, the I.R.S. has been aggressively enforcing that law — even as computer programmers are in such short supply that the Clinton Administration is pouring millions of dollars into Federal initiatives to train more of them.

It appears to be public policy in conflict with itself and it is making work life difficult for a category of citizens crucial to the digital economy.

"Why does Congress say that I can't go out and pursue the American dream and give my kids and grandkids things I couldn't have?" asked Mrs. Johnson, who did not find out about the law until two years ago, after quitting her job with the consulting firm of Booz Allen & Hamilton in hopes of starting her own software programming business. "And why," she asked, "is the I.R.S. so busy enforcing this law that keeps me from being an independent contractor?"

Mrs. Johnson, of Lanham, Md., knows that programmers are in such short supply that they can earn up to several hundred dollars an hour writing code for hire, and many in Congress want to let tens of thousands of foreign programmers migrate to the United States. She calculated that if she were in business for herself she could double her income.

Everywhere Mrs. Johnson went in the suburbs of the nation's capital, she said, she was offered work fixing and customizing software — but only if she would close her business and become an employee.

"They were afraid to do business with my company," Mrs. Johnson said. Two months ago, her bank account empty and

Continued on Page 12

Continued From First Business Page

creditors at the door, Mrs. Johnson gave up and took a job as a programmer, paying $69,000.

Mrs. Johnson and thousands of other computer programmers who want to work for themselves instead of being employees have run afoul of a 1986 law in which Congress decreed that most individual programmers cannot be entrepreneurs.

The law generally excludes programmers from statutes giving employers some flexibility to use independent contractors. Critics say that the I.R.S. has recently stepped up its enforcement of the law in a way that effectively kills start-up programming businesses if their only employee is the founder.

The law, which was introduced by Senator Daniel Patrick Moynihan, Democrat of New York, was estimated to raise $60 million over five years, a figure based on a belief by a staff member of the Congressional Joint Committee on Taxation that employees cheat less on their taxes than independent contractors do. That was enough money to pay for a tax break, approved with Mr. Moynihan's support, that was sought by **I.B.M.** for its overseas operations. Under the Gramm-Rudman deficit control act of the previous year, Congress was required to pay for any tax cuts with comparable revenue increases or spending cuts.

A year after the law regarding contractors was enacted, the Senator tried to repeal it, but his bill died. In 1994, Senator William V. Roth, Republican of Delaware, the sponsor of this week's hearings, wrote Mr. Moynihan saying the programmers should get relief. More than 60 other senators have written similar letters since 1994, but they have not voted to change the law.

Ginny Flynn, a spokeswoman for Mr. Roth, said that while the Senator believed that the law was unfair, he was not currently moving to change it because "despite the fact the programmers are treated differently from other people, this opens a Pandora's box of other independent contractor issues."

Programmers and their lawyers say that as a result of inaction by Congress, many corporations have revised their policies to explicitly forbid the hiring of programmers who are independent contractors.

In response, some people, like Mrs. Johnson, incorporated. They reasoned that if they were employees of their own corporations they would be treated by the I.R.S. the way that many doctors and others are and could expand their enterprises.

But internal I.R.S. documents show that in Alaska, California, Ohio, Minnesota, New York and New Jersey, I.R.S. auditors as recently as last year hunted for corporations created by computer programmers. They found scores of such companies and then disallowed them for tax purposes. The papers show that they were disallowed because they were less than a year old and had only one employee, the programmer who created the corporation.

Across the country, officials of high-technology temporary-help companies said the I.R.S. audit tactic had caused many corporations to refuse to hire programmers unless they become employees, like Mrs. Johnson, or were employees of such temporary-help agencies.

Mary E. Oppenheimer, an I.R.S. assistant chief counsel, said there was no national directive for auditors to hunt for incorporated programmers. However, she noted, Congress has directed the I.R.S. to look at the economic substance of tax matters, not just their legal form.

In an earlier interview, Tom Burger, the director of employment taxes for the I.R.S., said one of the agency's difficulties "is that, and I need to pick my words carefully, Congress passes laws, often without asking us about them, and then tells us to enforce them."

The immediate effect of these au-

The New York Times

MONDAY, APRIL 27, 1998 1/2

dits is to force individual programmers like Mrs. Johnson to abandon their dreams of getting rich off their high-technology skills. But the broader impact is that small businesses started by one entrepreneur do not have a chance to grow into mighty enterprises that can create jobs and generate more taxes. "Who do you know who would hire someone who will bring with them trouble from the I.R.S.?" asked Harvey J. Shulman, the Washington lawyer for the National Association of Computer Consultant Businesses, who made the audit documents available.

Mr. Shulman has challenged 52 such audits. "I prevailed in 50 cases and partially in another, but at a cost to clients of $50,000 or more, and that is just ridiculous," he said.

The association's 400 members, who had more than $5 billion of revenues last year, are mostly high-technology temporary-help agencies that hire programmers as employees and send them to companies on short-term assignments. They want the same flexibility to use contractors and individuals who have incorporated as other businesses do.

Don McLaurin, president of the **Computer Consulting Group** in Columbia, S.C., which hires programmers as employees and farms them out to companies for short-term projects, said the law and its enforcement "are having a devastating impact on the computer industry."

He said his business and his clients would benefit if he could use some independent contractors and some incorporated programmers.

"This is Catch-22," he said. "If you are not legitimate because you start out as a one-person corporation and you haven't been in business for a year, then how do you ever start your business? It is nonsensical."

Ed Myers, president of a company in El Segundo, Calif., that provides programmers to corporations, said that when his company was audited he and Mr. Shulman were able to defend the status of all but 3 of 50 workers as independent contractors.

"The auditor then said I had to give him two more people and I said, 'what do you mean?' and he said he had to have five people he could reclassify as employees because that was what his boss demanded and that if I would give him two more names he would close the audit.

"My first reaction was 'hell no,' because they are not truly employees," Mr. Myers said. "But my second reaction was that it makes no economic sense for me to fight this because it would cost another $50,000 or more, so I gave him two names."

The two programmers, he said, no longer speak to him.

Mr. Shulman said the association "is not asking for a special privilege in repealing this law; we are just asking that programmers and other technical-services workers be treated the same as every other worker in America instead of being singled out for discriminatory treatment."

Donna Steele Flynn, a former member of the House Ways and Means Committee staff who is now a tax specialist with Ernst & Young, said, "The only reason this hasn't gotten fixed is because the official Joint Tax Committee estimate in the past was that repeal of Section 1706 would cost a billion dollars in tax revenue over five years.

"There is a political will on both sides of the aisle, but in terms of importance and number of people, a billion dollars is a lot of money for a relatively small number of people."

More independence for some contractors than for others.

However, Ms. Flynn added, the official estimate seems wildly inflated. She noted that when legislation was considered last year that would allow employers broad discretion over whether to treat workers in any industry as employees or independent contractors, the tax revenue loss for the entire economy was estimated at the same $1 billion over five years.

The I.R.S. estimates that it collects 99.5 percent of taxes due from employees, but far less from those who work as independent contractors.

"Whether people cheat is a separate issue," Mr. Shulman said. He pointed to a Treasury Department study that found that programmers were more compliant taxpayers than other independent contractors.

"The I.R.S. wants people to be employees because it is easier to collect revenue, but the revenue they are collecting from employees is less than the revenue they would collect from independent contractors — even if they cheat a little — because they can make so much more," he said. "Basically the I.R.S. is saying it would rather collect less revenue with less cheating than collect more revenue with more cheating. Does that make economic sense?"

The New York Times

MONDAY, APRIL 27, 1998 2/2

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THE PRESIDENT HAS SEEN
4-23-98

NATIONAL ENDOWMENT FOR THE HUMANITIES

WASHINGTON, D.C. 20506

THE CHAIRMAN

April 22, 1998

The Honorable
William Jefferson Clinton
President of the United States
The White House
Washington, DC 20500

DAN BURKHARDT

please coodinate the reply.

Dear Mr. President:

I want to let you know about an initiative the National Endowment for the Humanities is developing that I feel is especially exciting. The project is called, *Rediscovering America Through the Humanities*. It will be launched this fall.

We plan to create 10 regional studies centers that will be housed at major institutions throughout the nation. These centers will offer graduate and undergraduate degrees on each region's history and culture; they will develop encyclopedias and other research projects; they will offer annual symposia and lectures; and they will create electronic Trip Tiks to provide travelers to each region with information on cultural and historic sites of interest. A traveler who is planning a ten-day trip from Washington, D.C. to Memphis, and who is interested in Civil Rights, the Civil War, blues, and catfish, can quickly get an itinerary for the journey from one of our proposed centers.

The National Endowment for the Humanities will coordinate this initiative with sister institutions such as the Smithsonian, the Library of Congress, the National Trust for Historic Preservation, and many others. Together, these institutions and their resources will help assure the long-term success of what will be a highly visible and widely celebrated initiative.

Given the importance of this project, I am anxious to have your thoughts and suggestions on it. We would also be honored to have you on hand to "cut the ribbon" as we unveil this project in the year 2000.

Honorable William Jefferson Clinton
April 22, 1998
Page 2.

I am grateful for your taking the time to read this letter and the enclosed information sheet. If you can find a few minutes on your busy calendar, I would welcome an opportunity to speak with you about our initiative and to get your counsel on the future of the Endowment.

With very best wishes,

Sincerely,

Bill

William R. Ferris

Enclosure

REDISCOVERING AMERICA THROUGH THE HUMANITIES
Regional Humanities Centers

Purpose and Scope. Through a special multi-year initiative, *Rediscovering America Through the Humanities,* the National Endowment for the Humanities seeks to help the people of the United States learn more about their heritage and to reaffirm their common bonds as Americans. Although the initiative will involve all programming areas of NEH, its primary component is a special grant competition for projects to establish **regional humanities centers** around the country. Each of these centers will be encouraged to support a wide array of activities--education, research, programs for public audiences, preservation--that bring the disciplines of the humanities to bear in exploring the region's distinctive culture. These centers will serve as cultural hubs for each of our nation's distinctive regions, each with a mission of broadening public awareness of, access to, and participation in the humanities.

The Centers in their Regional Context. In supporting the establishment of regional centers, NEH seeks to supplement but not supplant work at existing centers. NEH-funded centers will be required to coordinate their work with that of other cultural and educational institutions in the area.

The Special Role of the State Humanities Councils. The active participation of the state humanities councils will be central to the success of this initiative. NEH will involve the state councils in the planning phase of the initiative and will encourage the councils to participate actively in the centers' work. In seeking new support for the centers, NEH will ensure that traditional streams of funding at the Endowment that have supported the councils' work will remain in place.

The Award Process. A two-phase competition to establish the centers is envisioned. The first phase will be a wide-open competition for planning grants (3-4 in each region), followed by a winners-only competition for implementation grants.

Funding the Centers. NEH's FY 1999 budget request includes $5 million in **planning** funds for the regional centers. These funds will permit the award of 3-4 $150,000 planning grants in each of ten regions. Then, during the **implementation** phase that follows, each of the ten regional centers will receive $1 million annually from NEH over a five-year period. The annual cost to NEH during this phase is thus $10 million, with a total cost to NEH of $50 million over the five years. These funds are requested with the understanding that (1) any funds appropriated for this purpose will be in addition to current funding amounts, (2) such support will be part of a public-private initiative requiring that $3 be raised to match each federal dollar, and (3) the centers will ultimately become self-sustaining. Host institutions will also be required to show they are able to provide appropriate housing and other support to assure that the projects are a permanent part of their institution.

Timeline. Planning grants will be awarded in FY 1999. Annually renewable implementation grants will be awarded beginning in FY 2000, with close-out awards anticipated in FY 2004.

3/10/98

NATIONAL ENDOWMENT FOR THE HUMANITIES
WASHINGTON, D.C. 20506

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The Honorable
William Jefferson Clinton
President of the United States
The White House
Washington, DC 20500

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4-24-98

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April 21st, 1998

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To President Clinton,

With gratitude,

Stella O'Leary

[illegible] reply
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Irish American Democrats
PO Box 15638
Chevy Chase, MD 20825

Stella O'Leary
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PIERCE BROSNAN, WORLD'S SEXIEST GRANDPA! SEE PAGE 2

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Photo By Meredith Morton

Robert Bright led away in handcuffs after his sentencing in a Long Island court on Tuesday, April 14.

BRIGHT GETS 5 TO LIFE

May Serve Time In Ireland

See Page 7

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SUNDAY, APRIL 19, 1998

ASSOCIATED PRESS

Sax man: In the 1992 presidential campaign, Bill Clinton jams with the "Arsenio Hall Show" house band on "Heartbreak Hotel," drawing an approving gesture from late-night talk show host.

The Bubba from Another Planet

Clinton often seems to have a symbolic relationship with blacks. And while he seems to be, if not black, a white soul brother, that can't be said of his critics.

By ISHMAEL REED

LAST MONTH, in New York, I had dinner with one of the nation's top black journalists. We began to talk about President Clinton's problems and he said that they stemmed from his being too close to blacks. A few weeks later, I attended a reception that some members of Hawaii's black community had arranged for me, and I heard the same from them: that some whites are after Clinton because he is viewed as a (n-word) lover.

An African-American comedian has observed that because Clinton receives a check from the government, cheats on his wife and plays the saxophone, he's a stereotypical black man. As scurrilous as this may sound, there is an element of truth in this statement. Indeed, Clinton may be the blackest president since Warren G. Harding, who, when confronted with rumors about his black ancestry, was supposed to have said, "Somebody may have jumped across the fence back there."

Though nobody may have jumped across the fence in Clinton's background, as far as we know, my friends say that Clinton's style is certainly black. Miles Davis' biographer, Quincy Troupe, asked me to notice Clinton's manner of walking during which he bounces and bobs his head as evidence of his blackness. One of Clinton's detractors, who seem to be ubiquitous on television these days, criticized Clinton's late mother's morality. I interpreted this to mean that Clinton's hip mother used to take him to jazz clubs.

Ronald Reagan seemed to go to out of his way to avoid having his photograph taken with blacks. And George Bush only seemed comfortable with Clarence Thomas. But just last week, Clinton seemed genuinely pleased as he was photographed giving one of his saxophones to a black eighth-grader at a White House event.

Meanwhile, if it is as Clinton adviser James Carville says, that some of those who desire to rid the presidency of Clinton are white supremacists, then they must be annoyed by the appointment of blacks to Cabinet posts.

Every time you look around, Clinton is naming a black person to an important post. Last year, Eric Holder was sworn in as deputy attorney general, making him the highest ranking black law enforcement official in the nation's history. Recently, Clinton named Dr. David Satcher to be [See Clinton, 4M]

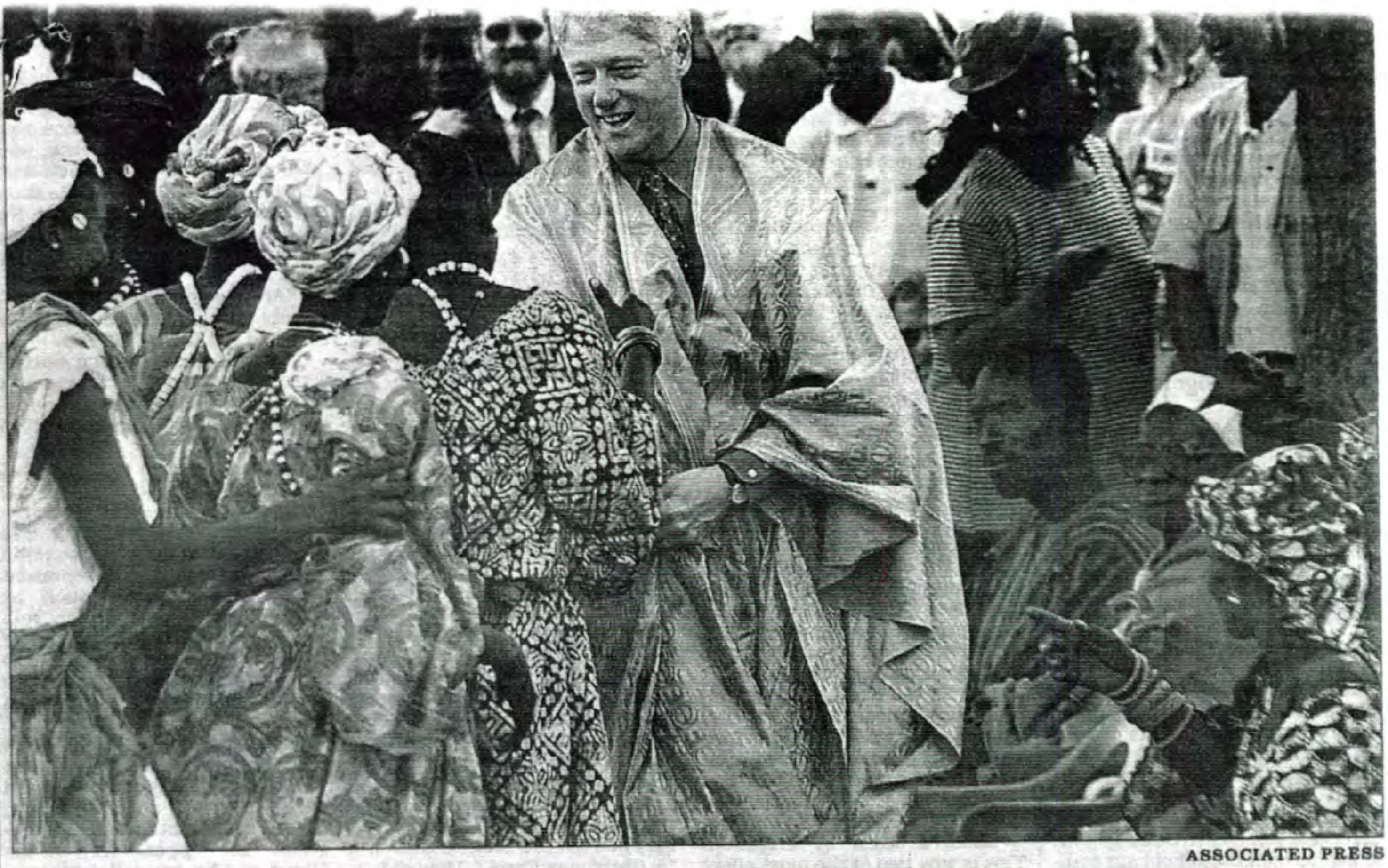
Ishmael Reed has written nine novels, five books of poetry, five plays and twice been nominated for the National Book Award. He and composer Carmen Moore collaborated on "Gethsemane Park," a gospel opera now being performed by the Black Repertory Group of Berkeley, Calif.

Key Clinton appointments

Eric Holder was sworn in last year as deputy attorney general, making him the highest-ranking black law enforcement official in the nation's history.

Dr. David Satcher, former director of the federal Centers for Disease Control and Prevention, became the surgeon general in February.

William E. Kennard became the first black chairman of the Federal Communications Commission in October. He had been the agency's general counsel.



ASSOCIATED PRESS

African tour: President Clinton, wearing traditional Senegalese clothing, greets residents of the Dal Diam village outside Dakar on April 1. His 12-day visit also took him to Ghana, Uganda, Rwanda, South Africa and Botswana.

A president with black style

[*Clinton, from Page 1M*]

surgeon general, and he chose William E. Kennard last year to be chairman of the Federal Communications Commission. On Tuesday, Franklin D. Raines, the man who helped Clinton close the 1997 balanced budget deal, resigned as White House budget director to become chairman and chief executive officer of the Federal National Mortgage Association.

FOR WHITE supremacists, the Clinton administration must remind them of one of those maligned Reconstruction governments of the sort shown in D. W. Griffith's masterpiece of racist propaganda, "Birth of a Nation."

I have been critical of the president and mentioned, on a radio panel shortly after the 1992 election, that Clinton's cynical behavior in criticizing Sister Souljah in an appearance before the Rev. Jesse L. Jackson's Operation PUSH was indicative of a character problem. My fellow panelists, devoted Clintonites who included Paul Robeson Jr. and writer Playthell Benjamin, told me that my observation showed no political acumen and that I should stick to writing fiction.

Clinton has been very good for the African-American middle class, but his welfare reform program has put poor blacks in peril. Things are becoming so bad in my town (Oakland, Calif.) that during a recent public meeting we were warned that hungry people might soon break into our homes to raid our refrigerators.

But given his accusers, I can understand why the strongest support to the president is coming from African-Americans. One of Rupert Murdoch's right-wing TV hosts grilled Andrew Young about African-American support for Clinton and compared it to black support for O. J. Simpson. (One newspaper even referred to Clinton as the "O. J. President.")

Clinton often seems to have a symbolic relationship with black people. When "60 Minutes" aired Kathleen Willey's account of an alleged Oval Office encounter with

ASSOCIATED PRESS

Gift of music: President Clinton gives one of his saxophones to eighth-grader Gregory Thompson on Monday to kick-off a campaign to restore music education to public schools.

Clinton, the hour was shared with the type of feature that "60 Minutes" has found improves its ratings: black people messing up. This time "60 Minutes" used three Fresno State basketball players to promote the stereotype: black athletes as criminals.

Clinton's relationship with blacks doesn't end there. The sex sting was first tried out on Washington Mayor Marion S. Barry Jr. Commenting about the government's use of women to entrap a public official, William Safire said, "Never before has the government stooped so low."

While Clinton seems to be, if not black, a white soul brother, a Bubba from another planet, the same can't be said of some of his critics. Some of Clinton's right-wing critics, including white women who seem to be even more ferocious than the men, have expressed sentiments that make blacks uncomfortable. This includes Lucianne Goldberg, the literary agent who encouraged Linda R. Tripp to tape Monica Lewinsky. Goldberg's clients include Mark Furhman, the former Los Angeles police detective whose racist comments punctuated the Simpson trial. Goldberg told CNN's Dan Abrams that "nobody has taken the time to try to understand" Furhman.

Independent counsel Kenneth W. Starr wanted to place two black men, Vernon Jordan and Frank Carter, Monica Lewinsky's first lawyer, before a white grand jury in Virginia, rather than a black one in Washington, according to talk show host Geraldo Rivera. What was that all about?

The self-appointed U.S. virtue czar, William J. Bennett, has called for the president's impeachment, yet he shocked Jesse Jackson when, in an appearance with Jackson on a Sunday morning talk show, he just about endorsed Charles Murray's neo-Nazi research about black inferiority by saying that's "something that ought to be looked into."

BENNETT IS a member of a foundation whose sponsors include publisher Richard Mellon Scaife, a man who seems to be bankrolling the entire anti-Clinton enterprise. Scaife is also one of the sponsors of the American Enterprise Institute, the outfit that supports Dinesh D'Souza, whose book "The End of Racism" was deemed so insulting to blacks that even two black conservatives resigned from the institute in protest. One of them called D'Souza "the Mark Furhman of public policy." Scaife also put some money behind California's notorious Proposition 209 that promises to reduce the black and Hispanic enrollment in the University of California's system to zero.

One of Clinton's most boisterous critics is Don Imus of the "Imus in the Morning" radio show. Many establishment lapdog journals kiss up to Imus, even the *Washington Post* media critic, Howard Kurtz, who casts himself as some sort of media ethicist. Imus and his colleagues often crack racist jokes. He recently said that Clinton got the idea for going to Africa from *National Geographic*, a remark followed by the appropriate yuks from the cretins who surround Imus on the show.

And what about that trip to Africa? I mean, if you were a white supremacist wouldn't you be tearing out your hair as you watched those pictures of Clinton attired in kente cloth dancing with Africans and playing the drums?

 EB/Podesta | Rahm — we should do more on this

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THE PRESIDENT HAS SEEN
4-27-98

Environment legislation left out in cold on Capitol Hill

By Charles Pope
CONGRESSIONAL QUARTERLY

No matter its scope, its merits or its intentions, environmental legislation has earned little more than an icy stare in Congress this year.

Two-and-a-half months into the session, the most prominent stand-alone bills are barely breathing. These include legislation to overhaul the Superfund toxic waste cleanup program and to reauthorize the Endangered Species Act, as well as land use and timber measures.

Similarly, prospects for addressing the Kyoto treaty on global warming are so dim that the Clinton administration decided against even offering it this year.

Below the surface, however, the picture is different. Finding the front door blocked, Republicans are using the back door to push environmental or public land amendments to unrelated legislation. Most of the proposals are coming from conservatives eager to scale back environmental protections.

Such "riders" can trigger strong reactions. "Congress never has to resort to riders; it's an abomination of the legislative process and an abomination of the public's right to know," said Kathleen A. McGinty, who chairs President Clinton's Council on Environmental Quality.

Indeed, legislative officers at the Interior Department now spend much of their time watching for what they call "guerrilla activity" that could affect the department.

Their attention is well-placed. Officials at the Interior Department counted at least 29 riders attached to the fiscal 1997 and 1998 Interior appropriations bills alone. Among the more controversial 1998 changes were provisions:

- Restoring taxpayer subsidies for Forest Service road construction.
- Overturning a federal court injunction against the Forest Service on more than one-half of the grazing leases in place at 11 national forests in Arizona and New Mexico.
- Postponing collection of higher "special use fees" based on property appraisals for people who own recreation homes on national forest land.

In fact, the practice has become so commonplace that Rep. Henry A. Waxman, California Democrat, introduced legislation in 1997 to require a separate vote on any rider that "reduces environmental protection." His bill hasn't gone anywhere in the Republican-controlled Congress.

However, House GOP leaders, recognizing how often environmental issues have split Eastern and Western Republicans, have asked Reps. James C. Greenwood of Pennsylvania and Richard W. Pombo of California to head an effort to explore ways to heal the differences within the party.

This year's proposed environmental riders are more narrowly written than some in the last Congress, and therefore less likely to draw a presidential veto.

Democrats and environmentalists take no comfort in that. In fact, they are more nervous about these low-profile riders than those from the days when the Republicans were waging a full-scale, largely unsuccessful assault on environmental laws.

Republicans and lobbyists for business groups see riders as a powerful mechanism for roping in regulators who ignore congressional dictates.

"When agencies refuse to listen to the will of Congress, they are a useful tool," said Susan Eckerly, chief Senate lobbyist for the National Federation of Independent Businesses. "In some instances, it's appropriate."

• *Distributed* by Scripps Howard.

4 BUDGET: Senate Passes FY '99 Resolution

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4/27/98

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On a 57-41 vote, the Senate yesterday approved an FY '99 budget resolution setting the guidelines for federal spending and taxing in coming years, after first rejecting a Democratic-sponsored substitute that backers said would have avoided cuts in environmental programs.

The $1.73 trillion spending plan, "drafted primarily" by Senate Budget Committee Chair Pete Domenici (R-NM) (Alison Mitchell, New York Times), "would jettison most of [Pres.] Clinton's spending initiatives" and reserve much of the budget surplus until Congress and the administration work out a way to preserve the Social Security system (Eric Pianin, Washington Post).

EB/Bahr
we were wait to turn Reed up story
BC

Greener Alternative Rejected

No major media sources reported on the Senate's proposed spending levels for environmental programs (*Greenwire* sources).

But before the Senate vote, the White House Council on Environmental Quality issued a statement panning the bill for failing to provide funding for Clinton's environmental priorities, and endorsing the Democrratic substitute offered by Sen. Frank Lautenberg (D-NJ). The CEQ said the Domenici bill would delay Superfund cleanup at "scores" of toxic waste sites, cut funding for health- and safety-related maintenance at national parks, and "slash" funding for clean water. The Lautenberg amendment would have ensured full funding in all these areas without boosting overall spending by devoting part of the Superfund industry tax to these purposes, the CEQ said (CEQ release, 4/2).

However, the Senate rejected the Lautenberg amendment, 47-52, on a mostly party-line vote (*Congressional Green Sheets*). A Sierra Club release said the vote was "the latest example of the Senate Republican leadership failing to support important environmental programs" (4/2).

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MIKE OKEMA

Three Reasons for the Zanzibar Conflict, Maybe!

Three explanations are being offered for the political crisis in Zanzibar. One is that it is a fight for property, especially land ownership. History says that up to the 1964 revolution, the landowners were Arabs, and the Africans, mostly of slave and mainland origin, were the landless. The bloody revolution of 1964 changed all that and the Arabs who survived found themselves out in the cold.

Thus, according to explanation number one, the current crisis is an effort by the Arabs to regain property and past glory.

It is difficult to accept this argument. The anti-government exile groups such as HAMAKI are not known to be organised by Arabs. On the contrary, they are manned by people who initially benefited from the revolution but eventually fell out with the revolutionary government, such as the late Abdulrahman Babu of the Umma Party.

The second reason that is frequently given for the Zanzibar conflict is racism. This is analagous to the first explanation except there is no link to property and racism is an end in itself. In other words, there are those who say Arabs and Africans share an animosity dating to the days of slavery. The current conflict is then seen as an attempt by those with lighter skins to regain the superiority they lost to blacks. This is the position held by many who influence policies in Zanzibar.

It is easy to challenge this approach because the Wapemba cannot in all fairness be called Arabs. There is no denying that the Wapemba have by and large resulted from mixed Arab-African blood, but if blood is that important how come the Washirazi are identified with Africans? Washirazi are of a mixed African-Persian blood and trace their origin to Shiraz in present-day Iran. This non-African factor did not prevent Idris Abdul Wakil, a Shirazi, from being President of Zanzibar from 1985 to 1990.

During the struggle against colonial rule the Washirazi of Unguja (Zanzibar island) identified with the blacks while those in Pemba identified with the Arabs. What is to be noted here is that the Washirazi of Unguja shared one thing with blacks, landlessness. Their brethren in Pemba shared one thing with the Arabs: property. This should blow the myth about racial differences since here we see a people of one stock going in opposite directions because of different conditions.

Julius Nyerere tolerates the government because it is not going to break up the union

Another thing that discredits the myth of racism is inter-marriage, which has been so comprehensive in Zanzibar that everyone has relatives with one or other type of blood flowing through his or her veins. Most of the initial leaders after the revolution, including the late Abeid Karume, the first President of Zanzibar, took an Arab or Asian as a second wife, if necessary by force, despite an international uproar. While these were compulsory marriages that violated human rights and deserve condemnation, they nevertheless had another side to them.

They helped wipe out, or at least subsume, racial differences and today it is difficult to tell to which race the children of, say, Karume or Thabit Kombo, who acquired an ethnic Asian wife, belong.

The children of forced inter-marriages are more Arab than the Wapemba but are counted among blacks, which shows that the racial myth is selectively used for political convenience. The children are regarded as more African than Wapemba because their fathers left them in positions of power and thus they support the revolutionary government.

The third explanation offered for the Zanzibar crisis is union with the Mainland. The union is viewed as the source of all evil in Zanzibar, particularly by Zanzibari internationalists. Among them count Seif Shariff Hamad, strongman of the major opposition party, the Civic United Front. This view holds that the Union Government does not market Zanzibar properly through its embassies. The price of cloves, Zanzibar's economic mainstay, has been falling on the world market and the Union Government has done nothing about it. Zanzibar is not pushed as a tourist attraction and the foreign aid generally winds up on the mainland.

Therefore, so goes the argument, these Zanzibar ultranationalists want to get out of the union to hasten the pace of development. In this, however, they come against a stone wall in the person of Mwalimu Julius Nyerere who seems to have vowed that the union will only break up over his dead body.

Nyerere therefore tolerates the intransigence of the Revolutionary Government because at least it is not about to break the union. CUF's position has never been clear. To Nyerere it is clearly a case of "better the devil you know . . ."

The CUF could better its position by coming out with a clear policy on the union. If it is for a strong union then let it say so and probably receive Nyerere's backing. Mwalimu may be out of government but he is still a powerful force. Few political decisions can be made without his tacit support.

On the other hand, if CUF does not want the union, it should come out clearly and say so, too. In this it is bound to find allies among some Mainland politicians who also do not favour the Union.

Remember G55, those parliamentarians who supported the introduction of a federal state of Tanzania consisting of three governments? Not all Mainlanders are enthusiastic about the union. Tanzania continues to have a union government of two governments: the Union and Zanzibar.

Thus, the problem of the Zanzibar conflict is deeper than that and some analysts have even said it is a struggle for power by some old guards who took pangas and bows and arrows in 1964 to ferret out Sultan Jamshid from Zanzibar and who wish to maintain the power to select leaders, not just elections. Even if they have to elect a leader, then it must be a person of *their* choice, not necessarily a majority choice.

• Mike Okema is a freelance journalist in Tanzania.

PHILIP OCHIENG

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through
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4/27/98

Send to Burckhardt?
Yes ✓
no

Mac Carder
Executive Director

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Wholesale Beer Distributors of Arkansas, Inc.

(501) 375-9232 FAX (501) 375-6921

April 21, 1998

The Honorable Bill Clinton
President of the United States of America
United States Capitol
Washington, DC 20001

Dear Mr. President:

I believe that I can speak for a great majority of Arkansan's when I state that you have done an outstanding job as President. This, of course, comes as no surprise to all Arkansan's as evidenced by your many outstanding years of service, as Governor, of our great state. I know you can and will continue to make us all proud of you and the First Lady.

In my capacity as the representative of the beer industry in Arkansas, I would like to take a few minutes of your time to personally discuss with you a matter of grave importance to the nation and our industry.

The United States Senate recently adopted an amendment to the Building Efficiency through Safety Transportation and Equity Act (BESTA) which would, if enacted, lower the Blood Alcohol Content (BAC) down from .10% to .08%.

If I thought lowering the BAC down from .10% to .08% would help solve the drunk driving problem, the alcohol beverage industry would be out front waving the flag in support of it. The social drinker is not the problem . . . it is the drunk who, if arrested, would register .12%, .15% or maybe .21%. We feel this is the area that we should be concentrating on.

We also feel that the individual states should address this problem on the local level without a mandate from the federal government. We strongly support the National

Governor's Association, The National Association of Counties, The National Conference of State Legislators and the National League of Cities in their efforts to adopt the Incentive Grant Program in the House Bill to allow states to most effectively fight drunk driving.

The Annual Brewers/Wholesalers Legislative Conference will be held in Washington April 25 - 29, 1998. The purpose of this conference is to provide hundreds of members of the conference to visit with their legislators on subjects pertaining to our industry, one of which will be the House Bill on .08% BAC Mandate.

I know you are busy, but I feel this BAC legislation is a subject that the industry should be given a few minutes to present our side of the issue. I will be arriving on Saturday the 25th and registered at the Hyatt Capitol Hill until Wednesday, April 29th. I would appreciate it if you could find a few minutes to spare with me and a couple of our national industry leaders to discuss the Incentive Grant Program in the House Bill.

With Thanks, I am,
Sincerely Your Friend,

Mac

Mac Carder
Executive Director
Wholesale Beer Distributors of Arkansas, Inc.

MJC:mgl

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THE HONORABLE BILL CLINTON
PRESIDENT OF THE UNITED STATES

4-27-98

HARVARD LAW SCHOOL
Cambridge Ma 02138

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EB/Sylvia
we need to discuss this
soon — BC

Christopher Edley, Jr.
Professor of Law
Co-Director, The Civil Rights Project

Dear Mr. President:

With apologies for length, I urge you (a) to impose a higher standard for the performance of your race Initiative, and (b) to insist that the process for producing your book is well-designed to make the product personal, coherent, bold and enduring.

I'll try to be positive and constructive in what follows, but I must tell you that for some months I have barely controlled a boiling frustration, feeling that the Initiative is falling far short of its potential. I take little solace in polling evidence that many respondents judge the Initiative a success, because many people, like most of your staff, think that putting the issue on the public agenda and stimulating a flurry of activity are good enough. In my view, we can do much better. Indeed, we must do very much better if we hope to make a difference in the lives of people and in the eyes of history.

I feel guilty about sitting too much on the sidelines. When my advice has been rejected, or accepted but then implemented too slowly or not at all, I've taken a Pontius Pilate posture. I've told myself that even if everything else is disappointing and embarrassing, I will work closely with you this summer and fall on the book (my central assignment from Erskine and Sylvia) and we will make that a spectacular product. But some combination of guilt and arrogance makes me want to try, belatedly, to push things in a better direction. Moreover, I no longer have confidence that there will be a sensible process for producing your book.

<u>The Chat Gap</u>

Over 12 months ago, in some of Sylvia's earliest discussions to shape the Initiative, Governor Winter, Bill Galston and I joined a dozen White House staffers. I argued that:

Because policy conflict and paralysis are rooted in sharp differences in values and perceptions, just offering a laundry list of plausible policy proposals will spell failure. Instead, we also need to have a second track intended ultimately to change those values and perceptions by connecting people across lines of class and color.

Connecting people and building communities is even harder than designing urban policy or K-12 reform. But my premise was that how best to lead and connect people in this way is *researchable* and *teachable*. Therefore we should identify *promising practices* and replicate them. (Not "best" practices, because we don't know enough to have a rigorous evaluation scheme.)

Dialogue-leading-to-action is probably part of the answer, but the details of how best to do it needed careful consideration.

Finally, I urged that your time be used primarily to teach the public some difficult things, and to "model" the constructive engagement on really hard issues that you believe will be effective for leaders around the country to emulate.

I have been disappointed, and I hear the same disappointment literally every day, and in every corner of the country I visit. We say talk isn't an end in itself, but the Initiative appears to emphasize "dialogue" and "conversation" without even the barest theory about what kind of dialogue will be genuinely productive, how to spark such conversations, or how to encourage people to move from discussion to action on shared agendas.

Actually, its worse than that: Every expert I know in the field argues that one-shot conversations accomplish almost nothing, and yet that is exactly the kind of conversation we are modeling for the nation with these town halls that you, the Advisory Board and the surrogates are conducting. Waving pom-poms ever more furiously will not win the football game, even if it produces a burst of enthusiasm. Broad engagement is necessary but not sufficient.

Think about it. You wouldn't pursue peace in the Middle East or Northern Ireland in this virtually substance-free fashion. You wouldn't send Madeleine to hold unfocused town meetings with Israelis and Palestinians and call that a strategy. Knowledgeable people would unanimously dismiss it as PR, leaving for debate only whether you were well-intentioned or cynical. Is our 375 year-old color problem so much easier? Similarly, a Blumenthalesque soirée that offers a smorgasbord of diffuse ideas, with no framework or follow-through is a luxurious *divertissements.* It's the policy analogue of inviting the Julliard String Quartet in for the evening. Fine fun, but not what I'd credit as a workplan.

I was pessimistic about Akron because I never heard or read an articulation of a substantive theory for the discussion. Advance staff were essentially instructed to go find people with "interesting stories." There were broad, vague questions suggested for the discussion, with no sense of what areas of disagreement should be explored, or what areas of agreement needed to be developed and then applied to solve real or hypothetical problems. *Or even a theory of what kind of discussion will actually help the problem*, as though just having a conversation – *any* conversation, is good enough. Again, nothing like the discipline you would expect when being staffed on a national security matter.

The same emptiness was reflected in your meeting with the Advisory Board at the Mayflower Hotel last October, and it has been a problem in almost every meeting that the Board has had. I recommended against the ESPN event because of the sports stereotypes, and because I never heard a solid theory of what the discussion was meant to accomplish apart from the very obvious and superficial "we've got to be a team" analogy. (There is a *communications* theory about reaching a different audience, but no substantive theory about what and how to advance the ball.) I hope that more substantive preparation has been done than I've been able to sense. In any case, I'm sure the session will be fine because you are so terrific that, standing in a pile of manure, you will somehow make everyone appreciate it as a rich horde of fertilizer.

In contrast, the coverage of the social security town hall last week led me to feel that the substantive homework had been done, so that the event was content-driven but PR-enhanced. In contrast, most race events have been PR-driven and content-starved. You must demand better. I'm sure the campus dialogues of early April will be counted by many as a "success" because there was a flurry of activity. But much of what happened, as far as I can tell, was superficial, preaching to the converted, with few or no plans for follow-up. I have a higher standard, and I think you do, too.

On the policy front, there have been some pearls, indeed jewels, such as minority health disparities and Hispanic drop-outs. But there has also been timidity and delay, and I'm worried these diseases will also infect the process for your book.

For example, why are you presented only now with a decision on California's June 2nd Unz initiative and bilingual education reform, when the options were pretty clear in October? I pressed then for action and leadership on the issue, but was told that it is complicated and was under study. But of course everything is complicated, and anything can be studied until hogs fly. The situation cried out for a "mend it don't end it" response to the rigid, noxious Unz approach. Defining such an approach shouldn't have been too tough because it was pretty obvious that the basic parameters were shorter time lines, better accountability, local flexibility, and out-flanking the conservatives on sincerity of commitment to effective language acquisition. The complicated politics weren't helped by waiting until the 11th hour; the matter needed to be framed for your decision.

There simply is no charitable explanation for the delay. Forgive my racial paranoia, but it feels to me like there aren't enough people around with a passionate concern for making sure that LEP kids get simple justice, and maybe even not enough people with a strong sense of the strategic importance (politically, substantively) of leading on this issue.

Similarly, the policy process has failed to produce a response to the post-*Hopwood*, post-Prop 209 developments in California and Texas. Why? You expressed dismay and determination to me on this issue at 2:00 a.m. last June in San Diego. Now, 10 months later, where is the response? When I pressed in the fall for some Administration action, I was repeatedly told that it is important for you not to be "chief admissions officer" for the nation. Well, duh. It's also important for you not to preside over the resegregation of flagship universities in California, or over a general nationwide retreat from inclusion in selective higher education. So where are the options for you to review? Or have I, as a "consultant," just been out of the loop?

Even on the antidiscrimination enforcement front, the Department of Education OCR moves like they work for George Bush. In the wake of Prop 209 and the earlier Regents' action, a Clinton OCR should have been all over it trying to find out whether a dramatic reduction in minority enrollments violates Title VI. Here's the analogy. If Texaco or the Chicago Police Department decided to change hiring practices in a way that created a manifest numerical disparity – say a 60 percent drop in Latino and black hires – don't you think people would start screaming about Title VII? Of course. Well that's the situation at Berkeley and UCLA. There are policy judgments to be made about whether the law will countenance that or, instead, require that those schools find other educationally legitimate admissions mechanisms that have a less disparate impact. As I understand your oath of office, those policy judgments should have been made by you, with advice from Riley and Reno, six or even 12 months ago. They shouldn't be made six months or a year from now by a career GS-15 in a regional office. Once the basic law enforcement policy is clear, the career investigators and enforcers can try to apply the policy to the facts. But time matters, because opportunity matters.

For a time, I thought that the way to break the logjams at the White House would be (as you seemed to believe last June) to use the Advisory Board. Starting in July, for example, I urged that the Advisory Board tackle bilingual education. But that hasn't worked either, because everyone seemed committed to keeping Advisory Board policy discussions away from controversy. Of course, what they've had instead are the unplanned, unanticipated controversies, pointless to the overall enterprise. At least a good fight about bilingual education or incarceration rates would have advanced the ball some.

So, too, solid substantive speeches by you would have advanced the ball. It has been a long dry spell since Central High. I still have some hope that you will do a commencement speech on One America and immigration, and that there will be a serious staff process before hand so that it will not be entirely platitudinous. That speech offers an opportunity to shape and express your vision of One America and national identity – the vision that will be the core element of your book. That vision should yield insights for how we think about questions ranging from immigration to language acquisition to residential ethnic enclaves, and comparisons with the successes and failures of diverse societies elsewhere. But it could also be an empty speech, with good phrases attempting to compensate for the absence of edges, creativity and ambition. The kind of just-words speech you end up trying to rewrite the night before, or on the plane.

Other speeches would help the national discussion, and would help us get the hard work of the book done. (Town meetings by you or the Advisory Board do not, in my judgment.) Also helpful would be well-structured, carefully planned discussions with thoughtful people, focused on two or three difficult issues selected because we know they will help fill out the vision and the workplan for the nation. PR-enhanced, not PR-driven.

<u>Your Book, and Beyond</u>

This is from a memorandum I discussed with Sylvia a few days ago:

This book will be a grave disappointment if the typical White House process is used to produce it. Indeed, that was the President's insight when one year ago he rejected my advice that there be no Commission. He recognized that the typical [internal] process has serious shortcomings for these purposes.

The right model -- I just don't see any alternative -- is the one we used for the Affirmative Action review in 1995. The book has to be his, not mine (or anyone else's), and that means an investment of his time in serious substantive discussions that I structure around the principles, values, policy choices he needs to make in order to create a document of "legacy" proportions. I put myself in the schoolmaster role because I believe I can cut through the bullshit and make sure we move the ball forward, keeping our eyes on the prize. This will take focus and rigor and conceptual ambitiousness. I'm not the only one around there who can do it, but I'm the only one with the interest, expertise, relationships, time and patience. Well, maybe not patience.

Obviously, a first rate product will require participation by several staffers and experts, inside and out. But: (1) this can't be crippled by interminable staff debates among people who aren't all that expert or committed, and who lack the appetite for boldness shared by the President and Vice President; (2) after all the inclusiveness and consultation, there has to be time to work with POTUS, and not just through paper; (3) the guts of the discussions and arguments, with staff and outside advisors, and ultimately with POTUS and VPOTUS, will be about the hardest questions, not the easy stuff.

I hope that people like Taylor Branch and John Hope Franklin will be seriously engaged, as well as Sidney, Maria and some others on your staff who are thoughtful on these matters and willing to invest the time required to offer you sophisticated views. Sylvia stated her agreement with the points above, but expressed uncertainty about her ability to "deliver" on such a process. That worries me deeply. So, I appeal to you to consider what you believe might best serve you.

Sylvia tells me that she will arrange a time for me to discuss the book outline and process with you, and include John Hope Franklin and Judy in that discussion. (I hope to have a chance to discuss it with the Vice President and First Lady before hand.) All of this should happen sooner rather than later, so we can be sure that the right preparatory research has been delegated to someone.

I have three brief final suggestions. First, the sooner the Advisory Board goes out of business, the better. The Federal Advisory Committee Act makes it impossible for them to deliberate. They've become a sad troupe, embattled and a lightening rod for protests and whining. Civil rights liberals are pressing Board members to write a lengthy report that creates pressure on you to move in particular directions. The Board is neither constituted nor staffed to write an ambitious report. Cut our losses, and use the individual Board members for advice on your book and what to do for the balance of your term.

Second, when the book is ready for release late in the calendar year, I have recommended to Sylvia that we have a White House conference around its release – assembling leaders from communities and institutions across the country who are committed to working on One America with racial and ethnic justice. They would be "trained" in the promising practices and be briefed on your "workplan for the nation" as a sort of manifesto for conference participants. Organizing the conference should be delegated to a consortium of outside groups representing several sectors, with participants nominated/selected through a number of channels, such as Members of Congress, elected officials, civic organizations, etc.

Finally, we should institutionalize the Initiative's promising practices effort with an awards program modeled after the Kennedy School's Innovations in Government program, which the Ford Foundation funds. Annual Promising Practices awards, in each of several sectors, could be done privately as with the Kennedy School program, or it could be done within the federal government by the DOJ Community Relations Service or the Civil Rights Commission. The awards program can be announced in a promising practices speech, by you or the Vice President, or held for the book. Or, if you aren't interested in this, I'm going to raise the money and try to do it through my Harvard-based think tank.

Again, my apologies for the length of this. I hope it is helpful.

Sincerely,

Chris Edley

Christopher Edley, Jr.
Professor of Law

Samuel R. Berger

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Mr. President —
Two articles today
worth reading.

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Clay
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THE PRESIDENT [illegible]
1-27-98

Associated Press

12 presidential candidates, in Yerevan, Armenia's capital.

Iran Cracks Down on Iraq's Illegal Shipments of Oil

■ **Mideast:** Analysts interpret the action as a positive gesture to the U.S. Impact on world markets is small, but petroleum sales directly aid Saddam Hussein's regime.

By ROBIN WRIGHT, TIMES STAFF WRITER

WASHINGTON—In a major break for U.S. efforts to close loopholes in the economic embargo of Iraq, the government of Iran has launched a crackdown on sanctions-busting oil shipments that have earned Saddam Hussein's regime hundreds of millions of dollars over the past two years.

The move is widely interpreted in Washington as a positive political gesture by Iran to the United States, according to senior U.S. officials and regional experts.

"In terms of global oil markets, the amount is too small to make much difference in price, so the motive and real significance have to be political," said Vahan Zanoyan, an oil analyst and president of the Petroleum Finance Co. in Washington. "It's clearly a gesture to show goodwill to the United States."

Tehran's crackdown on what has been the fastest-growing loophole in the economic embargo deals a direct blow to the Iraqi president because the traffic is run by his eldest son, Uday, largely for the benefit of the Hussein family and inner circle, Clinton administration sources say.

Illegal Iraqi oil shipments, which reached significant levels in 1996, recently soared to an estimated 100,000 barrels a day, generating up to $600,000 daily for Hussein's regime after bribes and price discounts, according to James Placke, a former U.S. diplomat in Iraq now with Cambridge Energy Research Associates.

Iran's crackdown began in mid-February. Since early this month, it has cut off more than half of Iraq's illicit oil trade, U.S. officials say. It was launched at the same time Iraq was being pressured to cooperate with U.N. weapons inspectors—and may have played a significant role in tightening the squeeze on

Please see IRAN, A4

Immigration Vote Divides Sierra Club

By FRANK CLIFFORD
TIMES ENVIRONMENTAL WRITER

Provoking cries of racism, prompting a wave of resignations and pitting prominent environmentalists against one another, a Sierra Club ballot measure calling for stricter curbs on U.S. immigration has ignited a bitter battle within the country's most prominent environmental organization.

Already, at least 1,000 people have quit over the question, which appears on the club's annual organizational ballot, say officials, who anticipate more resignations no matter which side wins.

Motivating the initiative campaign is the argument that America cannot restrain its consumption of wood or water, put the breaks on urban sprawl, preserve farmland, wetlands or wildlife habitat without stabilizing a population growth rate that is heavily influenced by immigration.

Opponents, who include most of the organization's leadership, argue that passage of the initiative would worsen the perception many Americans have had of the environmental movement since its

Please see CLUB, A7

...harge of ...dvance

...ims he groped her ...ount, lawyer says.

...to him about her ...ounting financial diffi... requested his help in ...paying job.

...aid she described the ...s under oath last week ...ral grand jury investi...ther Clinton sought to ...n alleged sexual rela...vith a former White ...n, Monica S. Lewinsky. ...has denied under oath ...gaged in any improper ...ivity with Willey or

His personal attorney, ...Bennett, insisted Sunday ...'s televised account of ...t is false.

...esident of the United ...mantly denies the alle...t she has made," said ...who was interviewed

Please see WILLEY, A6

Armenian Voters Seek a Savior to End Chaos

By VANORA BENNETT
TIMES STAFF WRITER

GYUMRI, Armenia—The earthquake struck first, destroying her home. Then came the Soviet collapse, independence, mass unemployment and hunger. Contemplating the ruins of her adult life, Amalya Digaryan blames it all on the president who ran Armenia from 1991 until last month.

"Look!" the 30-year-old cries with despairing anger. She points at the collapsing ceiling of the prefab hut that she and her husband have lived in for a decade—supposedly temporary housing put up after the earthquake that devastated northern Armenia in 1988, years before Levon A. Ter-Petrosyan became president. "This is all Levon ever gave us!"

An election today to find a permanent replacement for the unpopular Ter-Petrosyan marks Armenia's late transition from chaotic post-Soviet improvisation to a ...future. For people

Victims Ask Police to Think Brake, Not Gas, in Chases

of car owners need reliable, low-cost
...
who read Vochomania are not unlike their California brethren (there are fewer Beetle-buggies here). Some devotees prefer classic using only original have a penchant for modification.

Lamborghini conver- couple of stretch-Beetles can be rented for other occasions. And, Beetle weren't already there are chopped two-thirds the original reduced to a two-person

resident of the Ovals of Mexico, and his wife, out of the veterinary make a living from their their Mexico City shop is with old parts and accessories, and they set up a small factory restoring parts.

1956 Bug has the equipment flower bud ed to the dash—a accessory that is standard in the New Beetle.

ll in love with the car. I very strong, very eco- sy to drive, easy to get I can afford another there's a lot of crime th another car I would ouble," he said.

Mexicans, Vochos are onal transport, with the of interchangeable technology and dead- airs. There are even lewalk workshops that le engines.

The latest bizarre sight on Mexico City's choked streets is the armored VW Beetle taxi, with the driver tightly encased in a wire-mesh cage or a full-fledged New York-style glass booth sealing off one-fourth of the compartment.

Mexico City Beetle taxis remove the front passenger seat for quicker entry to the back seat, which is the only passenger space. Yet the classic how-many-people-can-cram-into-a-Beetle stunt is performed routinely in the capital as whole families pile into taxis for outings.

Raimundo Artiz Spriu, newly appointed director general of the Mexico City transport department, said cruising taxis are a major contributor to the capital's foul air pollution. The 7,500-foot altitude means cars are 25% less efficient anyway, he said, and the VW Bug is fuel-inefficient for its size and a worse polluter than cars with more modern engine design.

Artiz plans to actively encourage a shift from Beetle taxis to larger, more efficient and safer vehicles.

"The competition and industrialization policies of this country always discouraged the auto industry from developing efficiently," Artiz said. "And the VW earned protection of an enormous political weight, with tax breaks and other huge benefits that were not always visible."

But the inertia will be formidable. People won't quickly surrender their Beetles. And why would they?

After all, notes Vazquez, the factory production manager, the Vocho is so tough "you can drive it without a clutch, at least from second to third to fourth."

re Numbered

consideration today is e turmoil in Indonesia undo economic recov- here in Asia. In early nior IMF and U.S. offi- to Jakarta to construct kage primarily because hat Indonesia might he rescue in Korea. But f renewed contagion e declining now, with arting to differentiate ively between countries l efforts to turn things d those that remain

has shown that he will led around by the IMF, overnment or anyone ch, there is little that can—or should—do, beyond ensuring essential humanitarian aid. Indonesian's government is exercising its sovereign right to run policy as it sees fit. Markets will react accordingly and, before too much longer, so will Indonesian political forces.

Suharto's departure will carry real uncertainty and risk, but that's no reason to fight it. Once there has been a change, Indonesians and the international community can begin to reconstruct one of Asia's most remarkable success stories.

Andrew MacIntyre is associate dean in the Graduate School of International Relations and Pacific Studies at the University of California, San Diego.

forms of justice. It also guarantees respect for Indian culture in areas such as education.

IRAN: Iraqi Oil Shipments

Continued from A1

Baghdad.

"This was happening as the crisis [over the U.N. disarmament program] was coming to a critical point. It represented a separate crisis that began to put pressure on Saddam in a very real way," a senior Clinton administration official said. "It must have been a very unpleasant time to be a decision-maker in Baghdad."

Tehran has been able to restrict the flow of petroleum because most ships that have carried Iraqi oil have used forged Iranian papers and passed through Iranian waters, hugging Iran's coastline, U.S. officials say. When the sea was clear, the oil-laden ships then sailed into ports of the United Arab Emirates to sell or barter their cargo.

The Iraqi operation was so effective that only about 5% of the illicit oil shipments were intercepted by the U.S.-led multinational interdiction force deployed in the Persian Gulf after Iraq's 1990 invasion of Kuwait led the United Nations to impose the world's toughest economic embargo.

As the amount of oil smuggling escalated, the United States pressured the United Nations and other Gulf nations to close off the sanctions loopholes. At U.S. urging, strong messages about the illegal oil traffic—noting that U.S. and British ships had recently tracked and confronted sanctions-busting ships—were relayed from the United Nations to both Iran and the United Arab Emirates earlier this year.

Last year, Vice Adm. Thomas B. Fargo, commander of the U.S. 5th Fleet, headquartered in Bahrain, characterized Iraq's embargo evasion efforts as "rather sophisticated" and facilitated "within Iran."

The Iranian National Oil Co. denied that it was involved in smuggling Iraqi oil. U.S. officials and oil analysts blame corrupt Iranian officials for aiding the Iraqi operation.

The illegal oil trade epitomized Iraq's often ingenious schemes to defy U.N. sanctions. It also became the most important source of income for the regime in Baghdad to buy equipment to secretly continue developing weapons of mass destruction, U.S. officials say.

Under a U.N. "oil-for-food" program, Iraq has been allowed since 1996 to sell $2 billion worth of oil every six months to pay for humanitarian goods. The proceeds, some of which also pay for war reparations, are channeled through the United Nations. Under a new resolution passed last month, the sales will more than double, to $5.25 billion every six months.

In contrast to the U.N.-supervised oil-for-food program, the illegal oil sales have provided the regime with direct control over a large amount of hard currency unregulated by anyone. Baghdad also smuggles oil overland through Turkey and is allowed to legally sell oil to Jordan. But the oil shipped through the Gulf has provided the biggest windfall, U.S. officials say. If Iraq had continued to smuggle at recent rates, it stood to net more than $200 million a year.

The crackdown is notable not only for its impact on Iraq but also for the signals it sends about Tehran's motives.

Iran and Iraq, two regional powerhouses that share shipping lanes in the Shatt al Arab waterway that flows into the Gulf, fought their own war from 1980 to 1988. They have had sporadic periods of cooperation since then, even though no formal peace ended the conflict.

"Iran may have come to the conclusion that it didn't want Iraq to get any stronger," the Clinton administration official said.

The consensus among other U.S. officials and oil analysts is that Iran is using its oil card to send a pointed message, as it has in the past. The timing of Tehran's crackdown coincided with the first recent cultural exchanges between Iran and the United States, at the onset of a gradual thawing of relations after verbal overtures by the presidents of both countries.

The regime of Iran's reformist President Mohammad Khatami appears to be prepared to show it can play by international rules.

"Iran's action is a significant signal aimed at the United States, but also a sign of its willingness to cooperate with Gulf neighbors and the international community,' said Judith Yaphe, a Gulf specialist at the National Defense University in Washington.

[illegible]

The Peers report included only one recomm[illegible]ndation, written in antiseptic language: that the Army consider changing its training standards "in order to correct the apparent deficiencies noted."

What General Peers and the American people did not know was that the "deficiencies" that led up to My Lai 4 and My Khe 4 were recognized months earlier, and ignored.

A Pentagon study found in the late summer of 1967 that a majority of troops in South Vietnam did not understand their responsibilities under the Geneva Conventions, which set standards for the humane treatment of prisoners of war.

That finding came in a remark-

Seymour M. Hersh won the Pulitzer Prize in 1970 for his reporting on My Lai.

[illegible] Vietnam," was prepared under the direction of W. Donald Stewart, chief of the Investigations Division of the Inspector General's office (then officially known as the Directorate for Inspection Services).

Mr. Stewart and a team of agents visited 23 military installations in the United States, South Vietnam and Asia and conducted interviews with hundreds of enlisted men and officers. The team's goal was not to uncover new atrocities, but to probe how well the troops understood the Geneva Conventions.

The troops were asked two basic questions: how far would they go to get information from a prisoner of war, and what would they do with a prisoner if they suddenly found themselves in a firefight?

The results were unsettling. When 179 Marine second lieutenants were

The report found that many military lecturers on the Geneva Conventions were poorly informed and that the troops considered such instructions to be of little relevance.

"In many cases," the report said of the troops, "they felt they were at liberty to substitute their own judgment for the clear provisions of the Convention. ... It was found in this investigation that it was primarily the young and inexperienced troops who stated they would maltreat or kill prisoners, despite having just received instructions" on international law.

Donald Stewart retired in 1975 after 27 years of government service and began a second career as a private investigator in Florida. The recent publicity over the 30th anniversary of My Lai 4 led him to dig out the unpublished Pentagon report and pass it along to me.

Essay

WILLIAM SAFIRE

The Real NATO Issue

WASHINGTON

An irresponsible Harvard astronomer (who could not be bothered to check out his cockamamie calculations with other scientists) last week fed media appetites for stories of impending doom. Alarmists had a one-day field day.

Are those of us who support the eastward expansion of NATO alarmists, too? After all, at the root of the inclusion of Poland, Hungary and the Czech Republic into the Western alliance is our worry that the Russian bear may one day regain its strength and begin growling again.

If the formerly captive nations of Eastern Europe become part of NATO's defense, Moscow would be deterred from extending a sphere of influence westward. But if we reject the application of democratic nations, we will perpetuate a "gray zone" for Russia to again dominate.

That's not alarmist. If no threat develops from a resurgent Russia, fine — no harm done by widening the club. But if some adventurist like Yevgeny Primakov should take charge in the future, he would find no power vacuum inviting his forces into a new hot or cold European war.

This week the Senate is to vote to ratify the inclusion that President Clinton has helped negotiate. The Foreign Relations Committee already approved, 16 to 2. The Senate will hear debate and is expected to ratify. As Poland's President joked to me last year, "the only ones against us are the Russians and The New York Times."

Other Americans oppose inclusion, of course; accommodationists fret about Russia retaliating by refusing to

Stop the push for 'apausement.'

ratify Start 2 — as if the Communist-dominated Duma had not been blocking disarmament well before NATO began talk of expansion. Meanwhile, isolationists resuscitate the slogan, "Who wants to die for Danzig?"

But a bipartisan majority believes that to undermine enlargement now would be to discredit America's diplomatic stability and to needlessly endanger the next generation. Ratification is a done deal.

The fallback position of opponents is: a grudging O.K. for these three, but no more. They want to attach a condition of a pause after this inclusion. That flies in the face of the open-door policy in the original NATO treaty and effectively slams that door in the face of the Baltic states.

Such "apausement," as Senator William Roth describes it (I would use a double *p*), is a vitiating compromise. Latvia, Estonia and Lithuania were the keys to the breakup of the Soviet Union. Because they had been traded to Stalin by Hitler, we never recognized their annexation by Moscow. When the Balts reasserted their independence, they had our diplomatic and moral support; after Gorbachev aborted his Baltic crackdown, the Soviet Union came apart.

Russian nationalists brood about this. Yeltsin's policy today is to reassert domination in those three close neighbors of St. Petersburg. To that imperial end — and timed to our Senate debate about NATO expansion — ethnic Russians in Riga, Latvia, staged a demonstration last week. A few hotheads mixed it up with police for the cameras.

This allowed Primakov, of all people, to claim "flagrant violations of human rights" of the Russian-speaking citizens — descendants of Stalin's colonists. Orchestrated outrage was expressed by a chorus of Moscow spokesmen.

Our State Department issued a mushmouthed statement that neither repression by Balts nor provocation by Russian ethnics occurred. That smarmy evenhandedness was shown because Russia's Prime Minister, Viktor Chernomyrdin, was in Washington; he had just promised Al Gore to get the Duma to ratify the Start 2 treaty by June so Clinton could visit Russia soon after his trip to China.

Fortunately, the President is being tough-minded about future inclusion of qualified democratic states. In a letter to Senate leaders being delivered this morning, Mr. Clinton writes: "I strongly urge the Senate to reject any effort to mandate a pause on the process of enlargement."

A letter is marginally helpful, but wouldn't this be the proper moment for a serious speech on an important vote most Americans know little about?

A Clinton address from the bully pulpit would uplift public discourse, inspirit Eastern Europeans who cherish their newfound freedom and be good for the Oval Office. □

THE PRESIDENT HAS SEEN
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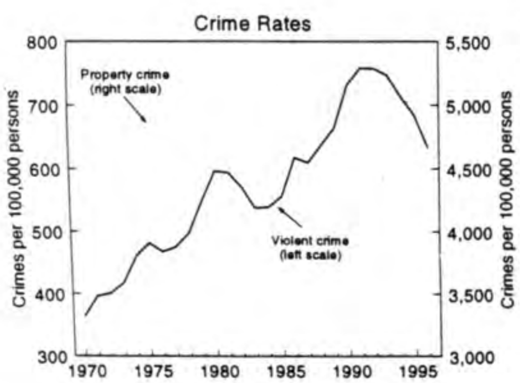
ARTICLE

Does Crime Pay Less Nowadays?

Crime rates have been falling recently (see chart). But why? One explanation is that crime doesn't pay the way it used to—at least not when compared with other activities. Recent research suggests that an improving job market has been one important reason for the drop in the property crime rate since 1992. More police—and presumably a higher probability of getting caught—has been another.



Crime and economic incentives. If criminals weigh the costs and benefits to them of their actions, crime rates will tend to fall as the severity or probability of punishment increases and as legitimate activities such as employment become more attractive. The decline in the unemployment rate during the current expansion ought therefore to be a contributing factor to declining crime rates.

The evidence. A recent study of large U.S. cities looked at the impact of the size of the police force and labor-market conditions on the rates of both violent crime (murder, rape, assault, and robbery) and property crime (burglary, larceny, and motor vehicle theft) during the years 1970-1992. Holding other factors constant, more favorable labor-market conditions, indicated by reductions in the unemployment rate, were found to reduce property crime, as theory suggests. The unemployment rates did not seem to affect violent crime rates significantly, suggesting that property crime may be a much closer substitute for gainful employment than violent crime, or perhaps that violent criminals are simply not fully rational decisionmakers. Both types of crime fall substantially, however, with increased policing, arguing that criminals do weigh the cost and benefits of their actions. Neither welfare nor education spending affected crime rates in a statistically significant way.

Explaining recent reductions in crime. From 1992 to 1996 (the last year for which crime data are available), the violent crime rate fell by over 16 percent, and the property crime rate fell by over 9 percent. Over the same period, the number of police officers rose from 608,000 to 664,000 and the unemployment rate fell from 7.5 percent to 5.4 percent. Estimates from the study imply that the drop in the unemployment rate accounts for almost one-quarter of the reduction in property crime, with the increase in police officers accounting for another fifth of the reduction. The increase in the number of police officers can account for approximately half of the fall in violent crime.

4-27-98

2½ 1

The cost-effectiveness of cops. Although the cost of crime is difficult to gauge, some researchers have attempted to capture both the monetary costs of crime (such as medical bills and property loss) and the pain and suffering costs (using jury awards). These estimates do not account for either the fears and worries of potential crime victims or the preventive measures they take, ranging from purchasing locks to changing lifestyles. Even so, based on these estimates of the social cost of crimes, each additional police officer reduces crime costs by over $200,000 per year. Since the annual cost of a police officer is about $80,000 in salary and overhead costs, police officers appear to be a cost-effective investment in crime reduction.

Conclusion. Movements in the crime rate, especially longer-term trends, reflect a wide range of forces. But roughly half the recent drop in aggregate crime rates can be explained by two factors: an increase in the number of police officers and a reduction in the unemployment rate.

4-27-98

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THE WHITE HOUSE

WASHINGTON

April 24, 1998

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ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER
LARRY STEIN LJS

SUBJECT: Response to Letter from Senator Snowe

Purpose

To respond to a letter from Senator Snowe regarding adoption of Sierra Leonean children.

Background

Senator Olympia Snowe wrote you to request your assistance for four U.S. families who have been waiting to adopt children from Sierra Leone. The process of finalizing the adoptions was interrupted when rebel soldiers seized power in Sierra Leone in May 1997. Humanitarian parole -- an authority provided to the Attorney General to allow people in special circumstances into the United States even if they do not qualify as immigrants -- was requested in August 1997 on behalf of the orphans. The Immigration and Naturalization Service denied that request on March 27, 1998.

Why

Your response at Tab A indicates that now that the government of President Kabbah has been restored to power in Sierra Leone the courts have reopened and a hearing on the adoption cases of the children can now take place. This means that, if the adoptions are approved, these children may immigrate to the United States under ordinary legal provisions.

RECOMMENDATION

That you sign the letter to Senator Snowe at Tab A.

Attachments
Tab A Letter to Senator Snowe
Tab B Letter from Senator Snowe

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Senator Snowe:

I appreciate your concern about the processing of the immigration and adoption cases of the eight Sierra Leonean children, which are being handled by the Maine Adoption Placement Service (MAPS).

I understand that the Immigration and Naturalization Service denied the MAPS' request for humanitarian parole for these children on March 27, 1998. While I know this news will be disappointing to the families, there is good news in that following the restoration of the government of President Kabbah in Sierra Leone, the courts have reopened and a hearing on the adoption cases of the children can now take place.

Thank you for writing and sharing your concerns with me on this issue. I hope that the restoration of the government in Sierra Leone will help expedite the proceedings for these children.

Sincerely,

Bill Clinton

The Honorable Olympia J. Snowe
United States Senate
Washington, D.C. 20510-1903

OLYMPIA J. SNOWE
MAINE
COUNSEL TO THE ASSISTANT MAJORITY LEADER
250 RUSSELL SENATE OFFICE BUILDING
(202) 224-5344

United States Senate

WASHINGTON, DC 20510-1903

COMMITTEES:
ARMED SERVICES
BUDGET
COMMERCE, SCIENCE, AND TRANSPORTATION
CHAIR OF OCEANS AND FISHERIES SUBCOMMITTEE
SMALL BUSINESS

March 4, 1998

Post-it® Fax Note 7671	Date 3/18 # of pages ▶ 5
To Pat	From Marshall
Co./Dept. NSC	Co. Sen Snowe
Phone #	Phone # 224-5344
Fax # 456-9260	Fax #

President William J. Clinton
The White House
Washington, D.C. 20500

Dear Mr. President:

I am writing to request your assistance in a matter of urgent importance to four U.S. families who have been waiting to adopt children from Sierra Leone.

The Maine Adoption Placement Service (MAPS), a highly reputable international adoption agency headquartered in Houlton, Maine, has been working closely with four U.S. families to help them adopt eight orphan children who are currently stranded in Sierra Leone. In May 1997, MAPS was in the process of finalizing the adoption procedure when rebel soldiers seized power in Sierra Leone, throwing the country and its institutions into chaos. In August, MAPS requested humanitarian parole authority on behalf of the eight orphans.

On August 11, 1997, I wrote to Joseph Cuddihy, INS District Director in Rome, to ask that he review MAPS' request for expedited processing of all necessary paperwork. The adoption agency was concerned that the orphans faced imminent malnourishment and possible starvation. On November 25, 1997, I wrote to INS Commissioner Doris Meissner to ask her to investigate the matter personally, and I never received a response. On February 13, 1998, I wrote to Commissioner Meissner again to renew my request and to ask for her immediate attention to the case. I have never received a response to my second letter either. I have enclosed copies of both letters to Commissioner Meissner for your review.

My office was told by State Department officials that there is a ten-person team currently exercising executive authority for the President of Sierra Leone, and that the President may be returned to power this month. However, the judicial system of Sierra Leone make take months to rebuild, as the entire infrastructure disintegrated during the coup. Even when the judicial system is operating again, civil matters, such as adoption, would likely receive low priority.

The President
March 4, 1998
Page 2

Let me emphasize -- the lives of these children are in serious jeopardy. The parents in question are growing increasingly concerned, and are understandably frustrated with the process, which quite frankly, has taken much too long. Until the INS makes a decision, these families can not proceed, and the lives of the children will remain in jeopardy. As such, I respectfully request that you investigate this matter promptly and take all appropriate steps to ensure that the children in question are treated fairly, and that any final decision is made in the best interest of the children.

Thank you in advance for your time and attention. I look forward to your response.

Sincerely,

Olympia Snowe

Olympia J. Snowe
United States Senator

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United States Senate

WASHINGTON, DC 20510-1903

COMMITTEES:
ARMED SERVICES
BUDGET
COMMERCE, SCIENCE, AND TRANSPORTATION
CHAIR OF OCEANS AND FISHERIES SUBCOMMITTEE
SMALL BUSINESS

February 13, 1998

The Honorable Doris Meissner
Commissioner
Immigration and Naturalization Service
425 I Street, N.W., Room 7100
Washington, D.C. 20536

Dear Commissioner Meissner:

On November 25, 1997, I wrote to you about a case involving four American families who are attempting to adopt children from embattled Sierra Leone. These families are represented by the Maine Adoption Placement Service (MAPS), a highly-reputable international adoption agency headquartered in Houlton, Maine. I have not received a reply to my November 25 letter.

I have enclosed a copy of my original letter, and I would like to renew my request for your assistance on MAPS' application for humanitarian parole. I understand that I-600 denials for all four families have been submitted to District Director Cuddihy in Rome, and that he has been in possession of these documents for roughly six weeks. My staff has been in direct contact with Director Cuddihy and reports that he is in the final stages of evaluating these cases.

I understand that humanitarian parole is designed to assist in cases where every other available option has been exhausted, and that Director Cuddihy must proceed very carefully and deliberately. However, the lives of these children are in jeopardy, and the parents in question growing increasingly concerned. The adoptive families anxiously await the arrival of their adoptive children, and are understandably frustrated with the process. I would appreciate it if you would investigate this matter promptly and take all appropriate steps within your authority to ensure that these children are treated fairly and that Director Cuddihy's decision is in the best interest of the adoptive children.

In view of the extenuating circumstances of this case, I urge you to give every consideration to using humanitarian parole in this case. Thank you in advance for your time and attention, and I look forward to hearing how you plan to proceed.

Sincerely,

Olympia J. Snowe
United States Senator

250 Russell Senate Office Building
(202) 224-5344

United States Senate

WASHINGTON, DC 20510-1903

COMMERCE, SCIENCE, AND TRANSPORTATION
CHAIR OF
OCEANS AND FISHERIES
SUBCOMMITTEE
SMALL BUSINESS

November 25, 1997

The Honorable Doris Meissner
Commissioner
Immigration and Naturalization Service
425 I Street, N.W., Room 7100
Washington, D.C. 20536

Dear Commissioner Meissner:

I am writing to request your assistance in a matter of urgent importance to four U.S. families who are attempting to adopt children from embattled Sierra Leone.

The Maine Adoption Placement Service (MAPS), an international adoption agency headquartered in Houlton, Maine, has been working to help families in the United States adopt orphan children living in Sierra Leone. In May 1997, MAPS was in the process of finalizing the adoption process when rebel soldiers seized power in Sierra Leone, throwing the country and its institutions into chaos. On August 18, 1997, MAPS requested a grant of the Attorney General's parole authority on behalf of 8 orphans from Sierra Leone. On November 14, 1997, Joseph Cuddihy, INS District Director at the American Embassy in Rome advised MAPS that parole authority is not used to circumvent normal visa issuing procedures or other remedies available within the law.

Director Cuddihy further stated that the application submitted by MAPS for parole indicated that no I-600 Petition to Classify Orphan as an Immediate Relative was filed in the United States on behalf of the applicants. Director Cuddihy maintains that the INS is unable to give full consideration to the parole request at this time because the children in question may be eligible to receive immigrant visas under the normal procedure of law. Director Cuddihy has advised the adoptive parents to initiate I-600 processing designed to help the INS verify information on children in the adoption process (i.e., that the children have been properly identified and released by a parent or guardian), and apply for humanitarian parole only if the I-600 petition is denied.

According to MAPS, the supporting documentation that must accompany an I-600 petition is not available due to the chaotic situation in Sierra Leone as a result of the coup in May, which closed the court system. I have been advised by Dawn Degenhardt, the Executive Director of MAPS, that the agency (MAPS) was in possession of *copies* of all necessary documents except for a court order at the time of the coup. Because there is no postal service or Federal Express capability in Sierra Leone, the agency (MAPS) is not in possession of original documents, which INS offices in the U.S. require for I-600 processing.

I understand that humanitarian parole is designed to assist in cases where every other available option has been exhausted. However, the lives of these children are in jeopardy, and it would be a tragic waste of precious time to file an I-600 only to have it rejected as incomplete because of the absence of original documentation and a formal guardianship decree issued by a Sierra Leone court – I would reiterate there is no reliable mail delivery infrastructure in Sierra Leone to transmit original documents, and no court system to issue a guardianship decree.

The adoptive families anxiously await the arrival of their adoptive children, and are understandably frustrated with the process (Rome refuses to do business by phone or fax, and Embassy staff won't even give their names to MAPS officials). I respectfully request that you investigate this matter and take all steps within your ability to ensure that these children are allowed to emigrate to the U.S. in a timely fashion, so that they may be united with their adoptive parents. I would also appreciate a detailed explanation of what "other remedies" are available, as referenced by Director Cuddihy in his November 14 letter to MAPS. How is the normal visa issuing procedure applicable in a case where the only institution in Sierra Leone with the authority to grant guardianship, the courts, were deposed in the wake of a violent coup?

In my experience, MAPS is a highly reputable agency, and in view of the extenuating circumstances of this case, I urge you, in the strongest possible terms, to give every consideration to using humanitarian parole authority in this case. Thank you in advance for your time and attention. I look forward to your response by December 12, 1997.

Sincerely,

Olympia J. Snowe
United States Senator

OLYMPIA J. SNOWE
MAINE

COUNSEL TO THE ASSISTANT MAJORITY LEADER

250 RUSSELL SENATE OFFICE BUILDING
(202) 224-5344

COMMITTEES:
ARMED SERVICES
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SMALL BUSINESS

United States Senate

WASHINGTON, DC 20510-1903

SENATOR OLYMPIA J. SNOWE
250 Russell Senate Office Building
Washington, DC 20510

1723

If there are any questions or problems with this transmission, please call:
Phone:(202) 224-5344
Fax# (202) 224-1946

To: The President

456 - 6221 (Fax)

From:

Date: 3/4/98

Number of Pages to Follow: 2

Comments/Instructions:

THE WHITE HOUSE

WASHINGTON

March 5, 1998

MEMORANDUM FOR GLYN DAVIES
NSC Executive Secretariat

FROM: JANET MURGUIA JM
Legislative Affairs

SUBJECT: Presidential Correspondence

Attached are copies of letters sent to the President by various Members of Congress. Since these letters address national security issues, we would appreciate your assistance in drafting a response.

Thank you very much for your assistance. If you have any questions, please feel free to call Chris Walker at x67500.

The following is a brief description of the letters:

1) Sen. Trent Lott (R-MS) and others, concerning the Kyoto Protocal on Climate Change,

2) Sen. Max Cleland (D-GA), concerning Iraq,

3) Sen. Olympia J. Snowe (R-ME), concerning the adoption of children from Sierra Leone,

4) Rep. Newt Gingrich (R-GA) and others, concerning trade negotiations between the U.S. and Japan,

5) Rep. Corrine Brown (D-FL), concerning the President's upcoming trip to Africa; and,

6) Rep. Patrick J. Kennedy (D-RI) and others, concerning the U.S. Executive Directors of the International Financial Institutions.

MAR 5 1998

Enclosures

OLYMPIA J. SNOWE
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