

Wednesday, May 20, 1998

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THE PRESIDENT HAS SEEN
5-20-98

THE WHITE HOUSE

WASHINGTON

May 18, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *Phil*
SUBJECT: Assisted Suicide Legislation

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In response to an inquiry from Sen. Hatch and Rep. Hyde, the Justice Department has determined internally that the DEA has no authority under the Controlled Substances Act (CSA) to take adverse action against physicians who assist patients in ending their lives legally under Oregon law. The attached memo from Bruce Reed and Chuck Ruff seeks a decision from you on how the Administration should roll out Justice's conclusion, and in particular respond to likely legislation sponsored by Hatch and Hyde. The Hatch/Hyde approach would authorize the DEA to pursue criminal actions against physicians prescribing medications for assisted suicides.

Agency Views. Justice believes the Administration should not support Hatch/Hyde for several reasons: (i) federalism principles call for the federal government to defer to the states as the primary regulators of the medical profession; (ii) DEA's approach to narcotics issues is inconsistent with the sensitivity required in pursuing doctors who are assisting the terminally ill; (iii) resource drain on the DEA; (iv) new mission would damage DEA's relationship with the medical profession, which is a frequent DEA partner in narcotics cases. HHS/FDA concurs with Justice, stressing the historic deference given to states on regulating doctors.

Your views on assisted suicide. Bruce/Chuck feel your longstanding opposition to assisted suicide is not necessarily inconsistent with the agencies' position. Both the federalism rationale and the notion that assisted suicide is not an appropriate issue to be handled by federal narcotics agents are reasonable and consistent arguments in light of your opposition to assisted suicide.

Options. Four are presented; Option #3 is the recommended option. **Option 1:** Endorse Hatch/Hyde -- no support. **Option 2:** Oppose Hatch/Hyde but suggest openness to alternatives; welcome the intent of the bill but raise concerns; attempt to find compromise with the GOP, although it will be very difficult to do so -- no support. **Option 3:** "Kick the Can" Strategy -- similar to Option 2 but rather than search out compromise, we would attempt to forestall legislative action this year. Delay would allow medical groups, states and others to weigh in that federal approaches in this area are ill advised. *Chuck* and *Bruce* support this option believing federal drug agents should not regulate doctors, assisted suicide is not an area for federal legislation and "kicking the can" is the best way to prevent a bill. *Larry Stein* concurs but notes that your views in this area should be made clear. *DOJ/HHS* prefer this option over Option 2, but really support Option 4. **Option 4:** Oppose Hatch/Hyde outright. Risks a confrontation with Congress, which will likely pass a bill over your objection, and may appear inconsistent with your opposition to assisted suicide.

☐ Option 1 ☐ Option 2 ☒ Option 3 (recommended) ☐ Discuss

THE WHITE HOUSE
WASHINGTON

May 11, 1998

MEMORANDUM TO THE PRESIDENT

FROM: Bruce Reed
Charles Ruff

SUBJECT: Assisted Suicide Legislation

The Justice Department has determined that the Drug Enforcement Administration (DEA) has no authority under the Controlled Substances Act (CSA) to take adverse action against physicians who assist patients in ending their lives by prescribing controlled substances pursuant to Oregon's "Death with Dignity Act." The Department conducted its legal analysis in response to letters sent by Senator Hatch and Congressman Hyde urging the Department, through DEA, to invoke the CSA against physicians who assist in patient suicide under the Oregon law.

The Justice Department has completed draft letters to Congressman Hyde and Senator Hatch explaining its legal conclusions. The letters will not be forwarded to Congress until we have developed a roll-out strategy, including a position on federal legislation prohibiting physician-assisted suicide.

As you will recall, the Catholic Health Association (CHA) has informed us that Hatch and Hyde are prepared to introduce legislation amending the CSA in the event the Attorney General concludes that the CSA does not authorize the DEA to pursue physicians who assist patients in committing suicide. They may even introduce this legislation before receiving the Department of Justice's opinion letter. In assessing the possible options for responding to Hatch's and Hyde's likely initiative, we held meetings within the White House and with the Departments of Justice and Health and Human Services (including the FDA).

Justice believes that the Administration should not support the Hatch/Hyde proposal. Justice thinks that DEA's approach to enforcing the narcotics laws is inconsistent with the kind of sensitivity that would be needed in pursuing doctors who are assisting terminally ill patients to commit suicide. Justice is also concerned with the resource drain on the DEA if that agency were tasked with enforcement duty. Justice also worries that this new task would damage DEA's relationship with the medical profession, on which it often relies in pursuing narcotics law violations.

The Justice Department also cites principles of federalism in support of its position against a legislative change. The federal government has deferred to the states as the primary regulators of the medical profession. Especially on such a hotly contested issue as assisted suicide, Justice believes there is good reason to continue this tradition of deference to local

decisionmaking.

HHS/FDA concurs with Justice's position, stressing especially the historic deference given to states in regulating the medical profession. HHS/FDA also worries that a new federal law authorizing the federal government to take adverse action against doctors who assist their patients to commit suicide would exacerbate the problem of physicians' underprescribing pain medications for terminally ill patients.

Your longstanding opposition to the practice of assisted suicide is not necessarily inconsistent with the agencies' positions. You could argue that assisted suicide is wrong, but that it is not a matter that should be handled by federal narcotics agents. Or more broadly, you could argue that it is not a matter to be dealt with by the federal government at all, but instead should be left to state and local decisionmaking. Nor is last year's "Assisted Suicide Funding Restriction Act" inconsistent with a refusal to support a legislative change. The Funding Restriction Act bans the use of federal funds to pay for or promote assisted suicide. Nothing in the Act authorizes the federal government to take adverse action against a private physician for assisting in a suicide in a non-federal facility.

We detail below four options for responding to the expected Hyde/Hatch initiative. These options are: (1) support the Hyde/Hatch legislation; (2) oppose the Hyde/Hatch DEA approach, but suggest openness to alternatives and work with Hatch and Hyde to develop a better bill; (3) engage in a "Kick the Can" strategy, suggesting openness to alternatives, but attempting to ensure that no congressional action is taken; and (4) oppose the Hyde/Hatch legislation outright.

1. **Endorse Hyde/Hatch Legislative Alternative.** After the Justice Department's legal interpretation is released, we could endorse the expected introduction of the Hatch/Hyde legislation authorizing the DEA to pursue criminal actions against physicians prescribing medications for assisted suicides.

Pros

- Appears consistent with your longstanding opposition to assisted suicide.
- Avoids inevitable conflict with the Congress, where the Hatch/Hyde legislation is likely to be popular.

Cons

- Conflicts with historic practice of allowing states to regulate the medical profession, and does so with regard to a hotly contested and emotional issue on which local decisionmaking may be particularly appropriate.

- Places authority to act against doctors in an agency ill-equipped to perform this function, in a way that could interfere with the agency's primary mission.
- Ignores danger, noted by many physicians' groups and even the Catholic Health Association, that a federal law of this kind will lead doctors to under-medicate terminally ill patients for fear of federal prosecution.

2. **Oppose Hatch/Hyde legislation, but suggest openness to alternatives.** Under this option, you would welcome the intent of the Hatch/Hyde bill, based on your longstanding opposition to assisted suicide, but raise concerns about using federal drug agents and resources to address this issue. You would advise Republicans of ways to implement the intent of their legislation in a more workable fashion, perhaps suggesting alternative enforcement agencies (such as FDA) or alternative enforcement mechanisms (such as reducing Federal support for Medicaid for states permitting assisted suicide). You would try seriously to find common ground with the Republicans on a workable legislative alternative to DEA enforcement.

Pros

- Appears consistent with your longstanding opposition to assisted suicide and shows that you are seriously concerned about this issue.
- Takes an approach that recognizes the problems with using DEA resources and agents to address this issue.

Cons

- Assumes that we can develop a workable alternative approach, when we may not be able to do so. For example, direct regulation of doctors through HHS/FDA also raises serious issues, and enforcement mechanisms directed toward states, such as reduction of Medicaid dollars, would raise widespread protests of federal micro-management and intrusion.
- Raises expectations that a legislative solution can be achieved, when it may be virtually impossible to reach consensus.

3. **"Kick the Can" Strategy.** Under this option, you would also express openness to addressing this issue through federal legislation, but rather than trying to reach agreement, you would attempt to forestall legislative action. You would try to delay long enough to allow the medical groups, states, and others to communicate that federal approaches in this area are ill-advised. These objections could make Congress conclude that it does not have time to draft thoughtful legislation this year.

Pros

- Allows you to reiterate your strong position against assisted suicide, while preventing problematic federal legislation.
- Provides sufficient time to air the many issues surrounding assisted suicide legislation, perhaps even educating physicians and the public about the problem of undermedicating terminally ill patients

Cons

- May make us look indecisive and weak.
- May be viewed with skepticism on the Hill and make us vulnerable to the charge that we are trying to have it both ways.

4. **Oppose Hatch/Hyde legislation outright.** Under this option, you would tell the Hill that, although you believe that assisted suicide is immoral, you cannot support legislation that intrudes on state responsibility over this issue and diverts limited law enforcement resources for this purpose.

Pros

- Takes a strong position consistent with agency views on the undesirability of federal legislation in this area: respects federalism principles; protects law enforcement priorities; and prevents further undermedication of patients due to physicians' fear of criminal prosecution.

Cons

- May appear inconsistent with your longstanding opposition to assisted suicide.
- Risks major confrontation with the Congress, which almost certainly will pass federal legislation over your objection.

The Departments of Justice and Health and Human Services support Option 4 and strongly oppose Option 1. Of the middle options, they would prefer Option 3 to Option 2. The Counsel's office agrees with the agencies: Chuck believes both that the DEA should not regulate medical practice and that federal legislation in this area conflicts with federalism principles. The DPC agrees that federal legislation in this area makes little sense, but believes that the "Kick the Can" strategy may be the best way to prevent it; the DPC therefore recommends Option 3.

THE WHITE HOUSE
WASHINGTON

98 MAY 20 AM 9:40

May 19, 1998

RECOMMENDED TELEPHONE CALL

TO: Congressman Asa Hutchinson (R-AR)

DATE: Call should be made as soon as possible

RECOMMENDED BY: Rahm Emanuel
Larry Stein
Michael Waldman

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Emanuel
Stein
Waldman
COS

PURPOSE: To thank Asa Hutchinson for his leadership on campaign finance reform and ask for his support of the Shays-Meehan substitute to H.R. 2183 (Hutchinson-Allen).

BACKGROUND: Shays-Meehan will be offered as an amendment in the nature of a substitute to the freshman bill Hutchinson-Allen. The support of the freshman reformers, under the leadership of Allen and Hutchinson, will be critical for the passage of Shays-Meehan.

Your Administration and other reform groups are encouraging the supporters of the freshman bill to vote for their bill and also for the Shays-Meehan substitute. However, the House leadership plans to pit reformers against one another so that no reform bill passes the house this year.

On May 12, 1998 you met with Congressman Chris Shays (R-CT) and Congressman Marty Meehan (D-MA) to show your support for the passage of their campaign finance reform legislation. In this meeting you told Shays and Meehan that you would help unify all reformers behind their bill.

Under the terms of the Shays agreement, this week the House will begin consideration of H.R. 2183 by Congressmen Asa Hutchinson (R-AR) and Tom Allen

(D-ME). While this bill, which was drafted by a bipartisan task force of House freshmen, contains some moderate reform proposals, it falls far short of the broader reforms in the Shays-Meehan bill (i.e., H.R. 2183 bans national parties and federal candidates from raising soft money and requires greater disclosure of third party spending but it does not ban state and local soft money spending on federal elections nor does restrict issue advertising).

TOPICS OF DISCUSSION:

I am calling to thank you for your efforts and your commitment to pass meaningful campaign finance reform. If it weren't for your bill, and the thoroughly bipartisan work of the freshman reformers, we wouldn't have a chance to pass campaign finance reform this year.

We need to be united behind reform. The only way we will achieve reform in both chambers is if Shays-Meehan is passed in the House. It is my hope that you give full support to the Shays-Meehan substitute -- in addition to your own bill -- and encourage your colleagues to do the same.

This year must be the year that Congress confounds public cynicism, and passes bipartisan, comprehensive campaign finance reform.

CONTACT PERSON AND
TELEPHONE NUMBER(S):

Representative Asa Hutchinson
DC office: 202/225-4301
home: 703/892-4786

DATE OF SUBMISSION:

May 19, 1998

ACTION:

WASHINGTON

'98 MAY 20 AM9:40

RECOMMENDED TELEPHONE CALL

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CONTACT PERSON AND
TELEPHONE NUMBER(S):

Representative Tom Allen
(202)225-6116 office
(202)547-8985 home

DATE OF SUBMISSION:

May 19, 1998

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Balancing Trade and Sea Turtles

By Kathryn S. Fuller

WASHINGTON — A recent ruling by the World Trade Organization striking down U.S. legal protections for endangered sea turtles is a powerful reminder how intertwined trade and environmental policies have become. The ruling is also an indication that the WTO, an institution whose principal mission is free trade, may be the wrong forum for resolving trade-environment conflicts when they arise.

Sea turtles are an internationally protected species, endangered around the world from habitat loss and demand for their decorative shell. They became an international trade issue with the advent of mechanized shrimp trawling, which by 1990 caused more than a 100,000 adult turtles to drown each year in nets — a rate higher than from all other human causes combined.

The loss of these animals, it turned out, was easily prevented. A simple metal grid, called a turtle excluder device, proved effective in keeping turtles from becoming entangled in shrimp nets. Turtle excluders were inexpensive, easy to install and, with design improvements, became standard practice in more than a dozen countries.

The United States began requiring its domestic shrimp industry to use turtle excluders in the late 1980s. When it applied an identical standard to countries selling shrimp in U.S. markets, four Asian countries filed a complaint before the WTO. Malaysia, Thailand, India and Pakistan claimed the requirement deprived them of market access guaranteed under most-favored-nation status.

In a recent dispute ruling, the WTO agreed. It held that conditioning market access on use of turtle excluders constituted an unfair trade practice, despite WTO rules that allow exceptions for protection of animal life and exhaustible natural resources. Absent a successful appeal, the U.S. must reopen its markets to shrimp whose capture kills sea turtles, or risk fines and countervailing duties.

The WTO's decision on sea turtles is the latest in a series of trade rulings that have held squarely against environmental safeguards. Unlike earlier disputes over laws for dolphin-safe tuna and reformulated gasoline, however, there has been no claim here of "green protectionism" or of expensive, impractical solutions being unfairly imposed on developing countries.

To the contrary, turtle excluder devices can be installed for as little as \$100 a boat. The United

States government, moreover, has provided the devices directly through its aid programs, and U.S. corporations that trade in shrimp have offered them free of charge to their suppliers — including those in the four countries that filed the complaint.

Linking market access to use of turtle excluders is an effort to promote market distinctions among goods based on the environmental impacts of their production. Similar rules could, for example, also limit timber imports to sustainably managed sources while barring those from clear-cut rain forests. As environmental harms increasingly are market-driven, and as markets globalize, it is crucial that international trade rules recognize such distinctions.

The WTO's reluctance to do so is rooted in its fear that environmental standards could easily spawn an unmanageable number of new barriers to trade. While this is not an idle concern, it is also true that our trading system must find ways to operate within environmental limits. Striking the right balance will not be easy, but the sea turtle ruling, which seems to discount environmental concerns, has not moved us in the right direction.

The decision underscores the need for basic changes in how trade and environment conflicts are resolved. Under the current system, the WTO acts as a judge in disputes in which it has a clear institutional bias. The results have been sharply one-sided. Neither the WTO, nor its predecessor, the GATT, has ever upheld a trade restriction based on an environmental concern. Future trade-environment conflicts should be referred to a neutral tribunal.

Absent an impartial tribunal, environmental laws face continued erosion, and the WTO, further loss of credibility. With a view to this risk, the chief trade negotiator for the European Union, Sir Leon Brittan, called recently for a high-level meeting to find more credible ways of balancing trade and environment imperatives. A ministerial trade conference in Geneva that opens Monday presents that opportunity. Governments meeting there should establish an alternative forum, one which will ensure that the benefits of free trade do not come at environmental expense.

The writer is president of World Wildlife Fund in the United States. She contributed this comment to the International Herald Tribune.

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IN OUR PAGES:

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THE PRESIDENT HAS SEEN

5-20-98

The spectre of religious nuclear war

Ved Mehta fears sanctions would only aid India's Hindu chauvinists

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Probably nothing more dangerous has happened in the Indian subcontinent since 1947 than the recent series of nuclear tests. But the American Government's reaction to them, while understandable, may turn out to be, in its way, equally dangerous. The American economic sanctions, taken by themselves, will not have much effect on the Indian economy, since they probably represent no more than 1 per cent of India's gross national product. But if the American Government is able to convince the World Bank and the International Monetary Fund to cancel aid and loans to India, the effect would be devastating.

The decision to carry out the tests was made by India's unstable minority Government, led by the Bharatiya Janata Party (Indian People's Party), or BJP, the out-and-out "Hindu first" party. Its emergence in the Indian political scene in the past 20 or so years has been alarming because the hidden agenda of its platform all along has been to undermine the foundations of secular India and to oppress the Muslim minority. In recent years, some of the party's rhetoric and overt chauvinist agenda has been toned down to win votes, but the changes have been cosmetic. The party has never shed its connection with the right-wing, Hindu-chauvinist, Rashtriya Swayamsevak Sangh (National Volunteer Force), or RSS.

per cent of the population have nothing approximating to a lavatory, and the drinking water is unsafe in any part of the country. Making such necessities a priority has never been part of the programme of any Indian government. Instead, resources have been diverted to big industrial projects and to defence, with the result that India can produce steel and missiles but is ill-equipped to fight the spread of diseases such as amoebic dysentery and hepatitis, malaria, even tuberculosis.

The general perception is that India has two enemies, China and Pakistan. But China's threat lies beyond the Himalayas and, as the 1962 Sino-Indian border conflict demonstrated, the Chinese are too preoccupied with their own problems ever to be interested in taking on India's. As before, border disputes and border incursions go on between the two countries, but so far they have been outside of nuclear politics. India's real enemy has always been Pakistan, and vice versa. (The contention that Pakistan has long been a proxy for Chinese ambitions in the sub-continent, even if true, does not militate against my point.) The most brutal wars are always internecine.

Pakistan already has a nuclear capability, and there will now be no way to stop it from going ahead with its own nuclear tests. And because the conflict between India and Pakistan is rooted in religion and not in economic systems — as in the Cold War — the danger of nuclear war breaking out is much greater. Religious passions, once inflamed,



Making India a nuclear power has been part of the BJP platform for many years now, and by playing the nuclear card the BJP has become popular in a way that it never was before. Since Nixon opened the door to China in 1973, India has not figured much in geopolitical calculations. By joining the nuclear club, however, India now has a sense of greatness — illusory though it may be. Still, it could be that the Indian Government's decision to go ahead with the tests has less to do with international stature than with domestic politics. At present, the BJP is kept in power only on the sufferance of a motley assemblage of minority parties and of a diminished Congress. But the nuclear tests may help the BJP to consolidate its power.

Commentators are drawing parallels between the effective sanctions against South Africa during the later stages of apartheid and those now being mobilised against India. But a better parallel might be the sanctions enforced against Iraq. Sanctions against South Africa essentially punished the well-to-do. But, as in Iraq, sanctions against India would hit hardest against the poor and deprived. Pushed into a corner, India may decide, much as Saddam Hussein's Iraq has done, to substitute jingoism for economic realities and blame the West for all its ills.

As it is, the majority of Indians are illiterate, nearly 80

India has had nuclear capability since its first nuclear test in 1974. But until now, it was fear of diplomatic repercussions that kept it from going ahead with further tests. The West can have considerable leverage with India if it uses the threat of sanctions with diplomacy and tact, rather than applying sanctions mechanically and automatically, as it is doing now. So far, the American reaction has been sweeping and sanctimonious, and the Clinton Administration devoid of any sober judgment of the fragility of the Indian Government or about how best to wield its influence.

There has been a lot of diversionary self-flagellation about the CIA being asleep at the wheel when, in fact, any casual tourist to India would have known about the BJP's aggressive nuclear policy. What the American, Japanese and Western Governments should be concentrating on now is razing the spectre of religious nuclear war.

Ved Mehta, the Indian-born Anglo-American writer, is the author of 21 books, including eight volumes so far of his autobiography *Continents of Exile*.

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- **Include strong language prohibiting substitution of Federal for state funds.** This language assures a maintenance of effort for grant options that now have a state match.

The Governors did succeed in taking our class size program off the list. We agreed to remove it only after it became clear that any compromise on this issue would water down our education priorities to the extent that it would be viewed as a loss. The DPC, NEC, and OMB education advisors all concurred with this decision.

✓ The result of our compromise makes it a virtual certainty that significant, new dollars will be invested in child care by the states. Realizing this, the child care staff within the White House are generally quite pleased. We have asked them to try to get some validation in this regard. Unfortunately, and not too surprisingly, the child advocates want more money and more strings than our compromise guarantees. Therefore, they probably cannot be counted on to say anything overly positive in public until the last vote is counted.

Finally, over the weekend, we had a number of conversations with both NGA and the advocates of various Administration priorities. It became clear that we are likely headed towards a difficult predicament on expected floor amendments. On the one hand, if we support expected Democratic amendments (e.g., an amendment that requires more spending and administrative strings on the child care option), we risk being accused of bargaining in bad faith by the Governors. On the other hand, if we oppose these amendments, many on our side of the aisle will criticize us for not even supporting our own budget priorities.

Legislative Amendment Strategy for State-Based Investments. Keeping in mind the interest of all parties, we have worked out a position that neither pleases nor totally alienates anyone. Our positioning strategy on all state-based investment amendments is:

1. We oppose any amendment that changes either the overall allocation of the tobacco funds (40 percent for states, not lower than \$196 billion over 25 years) or the split between the restricted and unrestricted (50/50) within the state funds.
2. We will oppose any amendment that adds, subtracts, or earmarks options from the restricted share portion of state funds, with one exception: **We will not oppose (nor actively support) amendments that reflect Administration budget priorities.** (In response to NGA's criticism that we appeared to be backing away from the initial agreement, we did agree to oppose amendments that reflect our priorities should any one such amendment be successful in passing the Senate.)
3. We will oppose amendments that totally prescribe (e.g., fixed percentages for each spending option) the restricted share of the state funds, even if one of the options is an Administration budget priority.

Today, before votes begin, we plan on meeting to review likely amendments to the tobacco bill to ensure we have a Administration-wide position on these and other types of amendments.

STATE TOBACCO SETTLEMENT FUNDS

May 15, 1998

- **\$196 billion over 25 years** from the legislation will be allocated to states from a trust fund. These grants will be a mandatory, permanent appropriation. Federal spending for new options on children's health outreach will be netted from this amount.
- **50 percent** of the grants may be used by states for any purpose. The remaining 50 percent will be used for specified restricted purposes, described below.
- **Options for restricted funds.** States can use the restricted funds in any amount that they choose (except for CHIP) to add to any one or all of the following options:
 - Maternal and Child Health Bureau's Title V program
 - Child Care and Development Block Grant
 - Child welfare programs (Title IV-B)
 - Substance Abuse and Mental Health Services Administration grant programs
 - Safe and Drug-Free Schools program
 - Professional Development (Eisenhower) grants
 - Match for the Children's Health Insurance Program (limited to 6 percent of restricted funds)
- **Each program's current matching rules** will be used except for an increased Federal match of 80 percent for child care block grant funds above the appropriated amount.
- **Supplement, not supplanting spending:** Funds from the restricted portion of the grants may not be used as state match for Federal programs (except for CHIP). There will be a maintenance of effort on a program-specific basis, that consists of:
 - 95 percent of the FFY 1997 state spending on the programs listed below, trended by the lower of inflation (CPI) or the Federal appropriation growth.
- **Options for the use of restricted funds will be re-assessed every 5 years.** An independent organization (e.g., General Accounting Office or National Academy of Sciences) will conduct evaluations and assessments of spending options every 5 years, and make recommendations on improvements.

SPENDING OPTIONS UNDER THE RESTRICTED SHARE OF THE STATE FUNDS

Additional Federal Funding over 5 Years

If States Increase Spending in Each Program Equally

	Fiscal Year 1997		5-Year Spending With Equal Increases \$ billions
	Federal Spend. \$ billions	Percent of Total	
Maternal & Child Health	0.70	10%	1.30
Child Care & Development Block Grant	2.70	40%	5.00
Child Welfare Programs (IV-B)	0.50	7%	0.93
Substance Abuse & Mental Health Adm. programs	1.60	24%	2.96
Safe & Drug Free Schools	0.50	7%	0.93
Professional Dev'l (Eisenhower) grants	0.35	5%	0.65
Children's Health Insurance Program match (6%)*	0.41	6%	0.75
TOTAL	6.76	100%	12.50

* "Fiscal Year Spending in 1997" is a place holder that assures that 6 percent of the total is reserved for CHIP

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Competitor's Signature

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	392	164	593	456	408	325	419	229	537	3523	7020
	4	3	5	4	4	4	4	3	5	36	72
	3	3	5	4	4	3	4	2	4		59
										32	

Notah Begay III
Competitor's Signature

Record mark: Notah Begay III's signature is on the bottom right of the scorecard of his Nike Tour record-breaking 59 that tied the PGA Tour's best mark he shot in the second round of the Nike Dominion Open on Friday. Begay finished tied for sixth Sunday with rounds of 70-59-74-74 at The Dominion Club in Glen Allen, Va.

One for the record books

Nike's Begay ties mark with 59 round

By Harry Blauvelt
USA TODAY

GLEN ALLEN, Va. — Notah Begay III, the man who matched golf's magic number with a record-tying round of 59, brings an imposing presence to the Nike Tour.

He's a full-blooded Native American with an economics degree from Stanford, where he was a teammate of Casey Martin and Tiger Woods.

He admits his temper sometimes is a problem on the course. He wears a thin gold earring on each ear.

"I'll bet (PGA Commissioner) Tim Finchem is rolling over in his sleep thinking about me coming on the PGA Tour with two earrings," says a smiling Begay, 25, who was born and lives in Albuquerque.

Notah Begay (NO-tuh — bith GAY) shot 13-under-par 59 in Friday's second round of the Nike Dominion Open at The Dominion Club, a 7,020-yard layout near Richmond, Va., designed by Curtis Strange.

Begay sank an 8-foot putt for birdie on the final hole, then raised his arms like a victorious boxer and broke into an earring-to-earring grin.

"The only time I was nervous was the last putt," he says. "No one would have remembered if I had shot 60."

He broke the Nike Tour record (60, by three players) and equaled the PGA Tour's best by Al Geiberger (1977, Memphis Classic) and Chip Beck (1991, Las Vegas Invitational).

"I guaranteed myself a small piece of immortality within this game," Begay says. "It was somewhere in between pitching a no-bitter and a perfect game in the World Series."

Begay, a nonexempt Nike Tour member, is the only full-blooded Native American on major U.S. pro tours, according to the LPGA and PGA tours.

He'll likely attain celebrity status in Albuquerque, where he was a three-sport star in soccer, basketball and golf at Albuquerque Academy.

Begay still remembers driving to the prestigious school in his father's 1969 Chevrolet to take the entrance exams.

"We pulled up alongside a lot of Mercedes and BMWs," he recalls. "I felt out of place. I didn't come from a very privileged background. My parents sacrificed a lot for me."

Now he hopes to be a role model for Native Americans.



One of a kind: Nike Tour player Notah Begay is the only full-blooded Native American playing on any of the major U.S. pro golf.

"I'm a full-blooded Native American, and I'm proud of it," he says. "I cherish every opportunity to break down stereotypes about Native Americans and enlighten people. ... Hey, everyone still thinks Columbus discovered America."

Begay says wearing earrings comes from his culture.

"It's not uncommon for Native American males to have pierced ears," he explains. "Wearing earrings is part of ceremonial dances and religious observations."

His father, Notah Begay Jr., is a full-blooded Navajo who lives in Albuquerque, where he works as a project manager for the Indian Health Service.

His mother, Laura Ansera-Roybal, is one-half San Felipe Pueblo and one-half Isleta. She lives in Santa Fe, where she works for the Juvenile Justice Division of the New Mexico Children, Youth and Families Department.

"We separated at a young age, and the boys (also brother Clint) had to overcome that," says Notah's father, an ex-Marine. "They heard a lot of negative things. It's amazing they were successful and didn't get into a lot of trouble."

Clint, two years younger

than Notah, attends the University of Hawaii-Hilo, where he plays varsity golf.

Notah and Clint used to tag along with their dad when he competed in a Thursday Twilight League at Ladera Golf Club in Albuquerque.

"Most of the guys didn't know the rules nor were they any good, including my father," says Begay, laughing. "But that's how it all started."

As a youngster, Begay convinced then-pro Don Zamora to hire him in the summers. Zamora took Begay under his wing. Begay cleaned carts, shagged balls and generally made himself handy. He worked in exchange for hitting balls all day.

"A lot of people can relate to the term 'gym rat,'" Begay says. "I was the closest thing you'd find to a golf course rat."

His perseverance paid off. He won 15 major junior and amateur championships.

His spectacular 59 was not the first time he's gone low.

He shot the lowest score in NCAA history with a 62 in the second round of the 1994 NCAA tournament won by Stanford in Dallas.

His 64 at the 1992 NCAA championship in Albuquerque

followed by one day a two-stroke penalty he incurred for swearing on the course.

"I play with lots of emotion and heart, and it sometimes gets me in trouble," he says. "I was a hothead in college, but I'm coming around. It's maybe one outburst a week now."

Stanford coach Wally Goodwin is a big Begay booster.

"Driving the ball is his worst enemy," Goodwin says. "He's a wonderful iron and wedge player. And he's one of the best putters I've ever seen."

Begay puts right-handed, if the putt breaks right-to-left. He puts left-handed when the ball is going to break left-to-right. He's best from the right side.

Despite his Stanford heroics, he would not have made anyone's short list of likely candidates to fire 59 as a pro.

"I'm still basically looking for my game," says Begay, a three-time Stanford All-American. "It's frustrating after so much success in college."

He earned \$2,400 on the Nike Tour in 1995, the year he turned pro. It was \$370 in 1996 and nothing last year. He also played the Canadian Tour and minitours in '96 and '97.

His total Nike Tour earnings this year were \$831 before the

Old Dominion bonanza. For sixth Sunday with rounds of 70-59-74-74, earning \$8,400.

But money isn't what he remembers. It's that 59.

He began the round No. 10, making the turn under par.

"He played so well it was scary to watch," playing partner Joey Snyder III said.

He played one stretch of holes in 7 under, including hole-in-one. When he reached 11 under with three to go, starting thinking 59.

"Believe it or not, this is an easy golf course," says Johnson, who tied for second.

Whether 59 was an aberration or harbinger of better days, time will tell. But he's right back on track after about doing a drastic three-year experiment with his swing.

"He's got as much talent as anybody," Casey Martin says. "The 59 could be the key to getting him rolling."

Begay's first name means "almost there" in Navajo. It's a perfect fit after his performance at the Dominion Open.

"I needed a good week," Begay says. "That's my highest finish ever, so I'm happy as a clam. I think the 59 will be a steppingstone to better things."

Sub B

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The Left's Prudence, Principles and the Third Way

By Tony Blair

LONDON — One of the things we can do in an international forum like G-7 and Russia is underline the degree to which global markets cannot work properly, and certainly cannot work with stability, unless there are clear accounting standards and measures of transparency that countries are prepared to adopt.

Some of the criticism of the International Monetary Fund has been misdirected. On the whole, the IMF has done exactly what it should do in such a situation and has put a package together to get the Asian countries over their difficulties while, at the same time, making clear that package is not a long-term solution to their problems.

Our role as political leaders is to say that, whatever the package for individual countries, there have to be changes in the international financial system to make it more open and therefore more credible.

□

I believe that the modern European social democratic parties and parties of the left have a lot in common with the Democrats in the United States.

That is not to say we do not come from different political cultures and that there are not different policies, but we are all tackling the same problems of economic and social change, of globalization, of family disintegration, of community breakdown and of social exclusion. And many of the solutions that will be adopted will be similar. I am

not suggesting that we get rid of the Socialist International or any of the rest of it, but I do believe it is time for a dialogue of ideas with the American Democrats, with other people, for example, like President Fernando Henrique Cardoso in Brazil, with the Olive Tree alliance in Italy.

The world is moving closer together politically. If you sit down with the Chinese prime minister and start to look at the problems of their public sector, some of the ideas and principles of what must be done are basically the same.

In China or Britain or the United States, we are all trying to provide an efficient set of public services without spending large sums of money on things we do not need.

Some of these questions of governance today are the same the world over, and it is just plain foolish not to recognize that the American Democrats have got a contribution to make in that arena without in any sense undermining the institutions that have grown up in Europe and elsewhere.

Take financial prudence and respectability. Not exclusively, but to a significant degree, it is the parties of the center-left that are implementing prudent policies today — the Democrats in the United States, the British Labour Party, the Olive Tree alliance in Italy.

The same is true of the left in Portugal and in Holland. In France there is a very strong monetary policy. Around the

world, financial prudence is now something that the left is very strongly associated with.

It is also now accepted everywhere on the left that technology, education and skills are the basis of modern employability. On crime, a common theme is that you have to have a strong criminal justice system but also tackle the causes of social exclusion.

The notion that you need to reform the welfare provision that grew up after the Second World War is, again, a common theme.

The notion that you have to be internationally engaged rather than isolationist is also accepted by the left.

What I think is sensible for us, therefore, is to throw the solution to these problems open to debate and say, "Let's talk about it, let's discuss it and learn from one another."

□

There is not only a new way between the politics of the new right (laissez-faire, leave everything to markets, social indifference) and the politics of the old left (state control, run everything through the center), but there is also a way forward between the old principled left and the pragmatic left that sought change gradually.

The idea of the "third way" is an attempt to say there is a principled position that is also entirely sensible. You can take the values of the left — social justice,

solidarity, community, democracy, liberty — and recast them for the new world.

I think you can see very clearly the outlines of the third way in each of the various areas of policy. On the economy, for example, it means embracing globalization as inevitable and also as desirable in terms of greater trade and international exchange.

It means the role of government is not to pile up big budget deficits and hope for the best, but to run a prudent financial policy and combine that with government intervention to equip people and business to survive and compete in this new global market.

The third way is not about resisting change or simply leaving it to laissez-faire, but saying to people that we will equip you for the change.

If you try to shelter companies from the global market, then all that will happen is that they may survive for a few years, but then they will go under. What you can do is to equip them and the individuals working for them better to survive the rigors of that global market. That, to me, is the third way.

The British public is not going to finance a welfare system that does not encourage people to get off benefits and into work. They are not going to finance a system in which billions are eaten up in fraud. So either we reform it, or people will dismantle it. The third way is for reform, not for status quo or dismantling. That is the intelligent choice. And that is what the Democrats have been aiming for in the United States. It is what the Dutch government has done. The Italian government is now putting through welfare reform. Lionel Jospin, the French prime minister, said the other day that young people must get off benefits and into work. Everyone's grappling with this.

□

My constant worry is that the forces of isolationism will gain the upper hand either in Europe or in the United States. It would be disastrous for both continents if that happened. There is no future in isolationism in this world. We have to be internationally engaged.

The United States has a very, very serious role to play, and part of Britain's role and function is to be a bridge between the United States and Europe, to say to Europe, "Recognize the value of American leadership in the world," and to say to the United States: "Believe me, people do value your leadership. Don't think that some of the carping and criticism that you get reflects the view that people don't want America engaged, because it's not true."

This comment is adapted from an interview conducted by Martin Kettle of *The Guardian* for *Global Viewpoint* (Los Angeles Times Syndicate).

Swoosh! Public Shaming Nets Results

By E.J. Dionne Jr.

WASHINGTON — Consumers and workers of the world unite — Just do it! If you do, you can affect the behavior of manufacturing giants such as Nike, for whom image is everything.

Nike Inc.'s announcement this week that it would raise the minimum age for its workers and impose American air quality standards on its plants overseas marks a breakthrough for American and international human rights campaigners who have argued that basic liberties should not stop at the factory door. It turns out that public shaming and consumer pressure can have a mighty impact on mighty manufacturers.

Philip H. Knight, Nike's chairman and chief executive, was remarkably candid during a speech this week at the National Press Club in acknowledging how much damage the critics had done to his company's image.

"It has been said that Nike has single-handedly lowered the human rights standards for the sole purpose of maximizing profits," he said. "The Nike



By Conrad/L.A. Times Syndicate.

and safety standards set in American law. "If you can get Nike with enough pressure, you can get the whole industry," he said.

the current fiscal year, though Mr. Knight attributed this to the Asian financial crisis.

Mr. Dionne said earlier that the news

... or even it will be
... the former seriously undermined — when a By displaying a ... group
Koyal Chaplain, when he said in his few hundred peers lose their voting so long, the Queen seems to have about the monarchy — and stop
notorious lecture in Westminster rights. It is the principle upon planted the idea in the canon's mind mixing up the two battles.

THE PRESIDENT HAS SEEN

B-20-98

Sub B

This is what it really means

LAST week saw an extraordinary gathering at No. 10. A selection of Britain's top "policy wonks" and academics gathered to discuss the working principles behind Tony Blair's "Third Way", the philosophy that guides his Government.

The objective of Third-Way policies is to create a society that combines dynamism and equity. But voters have become suspicious of politicians' claims to have found an everyone's-a-winner strategy. Will the Third Way fair better than Mrs Thatcher's trickle-down theory?

As an organiser of the event, and of the on-line Nexus discussion that preceded it, I have to confess that, as I sat by Mr Blair at the start of the seminar, I had wondered if this experiment would be repeated. The danger was that the discussion would be a two-hour soundbite, too vague for implications to follow or too bogged down in detail for a political vision to shine through.

But progress was made, and an outline structure is showing through, from which we can answer the question of who will be winners and who losers, not so much next

David Halpern, who organised the Downing Street seminar on the 'Third Way', explains the thinking behind the phrase

year, but over the next five or 10.

There are three pillars to the structure: pragmatism; a view of the world; and a set of guiding principles.

On the first, the message is clear. Let your objectives be guided by principles, but your means guided by what works. We know the conditions under which markets work well.

Hence, as Nick Barr of the London School of Economics has argued, we know why it makes no sense to have a National Food Service, but does make sense to have a National Health Service.

Using a pure market to deliver health leads to exploding costs and holes in coverage. These costs and holes affect everyone, not just the poor. Employers curse the exploding costs, and uninsurable genetic risks are blind to social class. So on this level, the Third Way simply represents good practice.

The second pillar concerns our understanding of the world. The term "interdependence" has been frequently

used, its trendier update being "mutualism". But these soundbite bones are rapidly acquiring some very impressive flesh, much of it from an unexpected source — empirical evidence from America and elsewhere.

This view of the world is not about all living in villages, nor about pulling everything into the public sector. It is about the ways in which our fortunes are genuinely linked. The obvious example is environmental policy: green taxes and publicly coordinated (but not necessarily owned) transport follow.

Interdependence is also about the subtler aspects of the social fabric, such as the norms and habits of everyday life that oil the workings of society and the economy. It is well known that "social capital", as measured by the level of trust between strangers ("most people can be trusted" versus "can't be too careful"), is an even stronger pointer to economic growth rates than is human capital.

Social capital also predicts health, crime rates, even the

effectiveness with which governments run. It turns out that, even in terms of narrow self-interest, it is essential for the affluent and advantaged to make sure that the less affluent have not trailed too far behind — we're all in it together.

Finally, principles. A central one is that one role of the state is to protect us from the effects of "brute luck". This means that we can all sleep at night more confident that we will not be the victim of an arbitrary attack from some strong and hostile other (be it a nation or person), or financially crippled by the discovery that we have a disease requiring expensive medical treatment.

But the deal is that we apply the principle consistently, not just where it suits us personally. Hence we look to the state to offset the brute luck of being born to a poor family, by ensuring access to good education and by supporting those who are unable to work or whose earnings are undermined by forces beyond their control.

This principle is linked to another: that individuals are responsible for the cost of choices they knowingly make. Hence we don't ban smoking, but smokers pay extra tax to cover the risk that they will require costly treatment on the NHS.

Similarly, when entrepreneurs take calculated risks, the gains and losses are theirs to keep; the Government's new-found respect for entrepreneurs is based on principle, not just political convenience. The combination of these principles delivers both justice and efficiency.

This approach differs from traditional Left and Right. The losers will be those who profit without accountability or gain without effort. In its pragmatic and mutual approach, we can all be winners.

In short, it is a formula for a "something for something" society in which the hard-working have nothing to fear and much to gain.

David Halpern is a director of Nexus, an ideas and policy network, and a lecturer at the Faculty of Social and Political Sciences, University of Cambridge

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THE WHITE HOUSE
WASHINGTON

May 19, 1998

MR. PRESIDENT:

Erskine wanted you to see this today. We have sent copies to Gene and Sandy.

Sean Maloney

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Makusuri USC, McCree,
Levy, all our globe people
used it -
Bx



THE TREASURY
WASHINGTON, D.C.

May 19, 1998

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of confidence in President Suharto. The policy reform measures supported by the IMF and the
financial assistance provided by the international financial institutions were designed carefully to
restore stability and growth as quickly as possible and to cushion the impact of the crisis on
Indonesia's most vulnerable citizens.

The IMF program did not induce the crisis or magnify its costs on the Indonesian people. The
broader loss of confidence that is the cause of the current political and economic crisis occurred
not because of the policies backed by the IMF, but as a result of the Indonesian government's
failure to decisively and fully implement its commitments under the IMF program.

The Indonesian government must therefore bear responsibility for the current political unrest and
violence. The reform program originally agreed to by the IMF and the Indonesian government in
November provided a sound foundation for restoring financial stability and improving the long-
run competitiveness of the Indonesian economy. Had the Indonesian government enacted
necessary economic reforms four months earlier when first prescribed by the IMF, it could have
avoided the massive hardship and pain which millions of its citizens must now endure.

- The progress both Korea and Thailand have made in restoring financial stability in recent
months is a testament to the fact that implementation of sound policy measures prescribed
by the IMF is the surest path to economic and financial recovery.



'98 MAY 19 PM5:18

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

THE PRESIDENT WAS SEEN
5-20-98

SECRETARY OF THE TREASURY

May 19, 1998

MEMORANDUM FOR PRESIDENT CLINTON

FROM: Robert E. Rubin R.E.R.

SUBJECT: Criticism of IMF Policies in Indonesia

A number of recent press articles have suggested that the IMF bears responsibility for the deteriorating economic situation in Indonesia, as well as the recent surge in violence. According to these critiques, the IMF-backed reform program imposed unnecessarily harsh or ill-advised reform measures on Indonesia, causing a sharp fall in the value of the rupiah, a run on the banking system, and an unnecessary increase in sensitive prices that helped precipitate the recent violence. These criticisms confuse the reasons for and the effects of the crisis with the appropriate response.

The pain which the Indonesian people are currently suffering is the result of the economic and financial crisis, a series of policy missteps by the Indonesian government, and by a profound loss of confidence in President Suharto. The policy reform measures supported by the IMF and the financial assistance provided by the international financial institutions were designed carefully to restore stability and growth as quickly as possible and to cushion the impact of the crisis on Indonesia's most vulnerable citizens.

The IMF program did not induce the crisis or magnify its costs on the Indonesian people. The broader loss of confidence that is the cause of the current political and economic crisis occurred not because of the policies backed by the IMF, but as a result of the Indonesian government's *failure* to decisively and fully implement its commitments under the IMF program.

The Indonesian government must therefore bear responsibility for the current political unrest and violence. The reform program originally agreed to by the IMF and the Indonesian government in November provided a sound foundation for restoring financial stability and improving the long-run competitiveness of the Indonesian economy. Had the Indonesian government enacted necessary economic reforms four months earlier when first prescribed by the IMF, it could have avoided the massive hardship and pain which millions of its citizens must now endure.

- The progress both Korea and Thailand have made in restoring financial stability in recent months is a testament to the fact that implementation of sound policy measures prescribed by the IMF is the surest path to economic and financial recovery.

X Among the most serious mistakes made by the Government of Indonesia in its handling of the economic crisis was the provision of massive and uncontrolled liquidity support to the banking system. This is the primary economic factor underlying the fall in the rupiah and accelerating inflation, which must ultimately be reflected in fuel and food prices. The government's failure to decisively implement structural commitments in its IMF program also contributed to the loss of confidence in the Indonesian government, leading to a further fall in the value of the rupiah.

- The Indonesian government's failure to prevent violence directed at Chinese-Indonesians earlier this year may have also contributed to the flight of capital that exacerbated the initial crisis.

The Government of Indonesia did make important progress in implementing the revised IMF reform program during April. These efforts, however, were quickly overwhelmed by the growing public dissatisfaction with the government of President Suharto and intensifying student protests throughout the country.

- While the energy price increases announced on May 4 do appear to have sparked some rioting and protests in Medan when they were announced, these increases were part of the difficult measures needed to address the crisis, and it is the crisis, not the measures to deal with it, that is the real cause of political instability. The more recent violence in Jakarta appears to have been driven primarily by a strong public desire for political reform and anger over the unprovoked shooting of university students.
 - It should be noted that the Indonesian government chose both the timing and pacing of the fuel price increases. The IMF program did not require fuel price increases until June 30 and allowed for more gradual increases in prices, but the Government of Indonesia decided to increase prices more quickly and more precipitously.
 - Given the depreciation of the rupiah, fuel price increases were unavoidable if the Indonesian government was to bring its budget deficit under control. The budget deficit will rise to at least 3.8% of GDP this fiscal year and would have been much higher if the Government of Indonesia had failed to take steps to reduce fuel subsidies.
 - The large projected budget deficit will be financed primarily by the IMF and other international financial institutions. Without this international support, energy prices would have had to rise even faster and higher, as Indonesia does not currently have the capacity to finance this deficit domestically. The only alternative would have been to finance these subsidies by printing more rupiah, which in turn would have resulted in a debilitating hyperinflation that strikes most deeply at the poor.

The IMF showed considerable flexibility in working with the Indonesian government to ease the burden on the poor as much as possible.

- It allowed Indonesia to run higher budget deficits than originally agreed to in order to give the government greater latitude to provide subsidies.
- The price of kerosene, which is heavily used by the poor, was increased only 25%, significantly less than the rate of inflation during the first four months of the year. Its real price has therefore declined. By contrast, the price of premium gasoline, primarily consumed by middle and upper-class citizens of Indonesia was raised by slightly more than 70%. Even with this price change, gasoline prices are estimated to be only half of international prices at current exchange rates.

X/ We continue to believe that the prescriptions advocated by the IMF have represented, and continue to represent, the best possible path for Indonesia to restore financial stability and growth to its economy. It has become increasingly clear, however, that these reforms can no longer be successful unless accompanied by significant political reforms. While President Suharto's announcement of his intention to stand aside is a hopeful sign, it is unclear that this will be enough to stabilize the situation. We will continue to follow events in Indonesia closely in conjunction with the Department of State.

THE WHITE HOUSE
WASHINGTON

May 19, 1998

5-20-98

MAY 19 PM 6:11

MR. PRESIDENT:

I'll have a reply prepared for
the attached.

Phil Caplan

cc: Erskine Bowles
John Podesta
Sylvia Mathews

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Very respectfully,

Alan P. Sullivan

Alan P. Sullivan

THE WHITE HOUSE
WASHINGTON

May 14, 1998

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MAY 19 PM 6:11

Dear Mr. President,

It is with deep regret that, for personal family reasons, I am tendering my resignation as Director, White House Military Office effective May 31, 1998.

It has been my singular honor to serve in your Administration for the past three and one-half years. I have met and worked with many wonderful people here in the White House, all of whom are dedicated to furthering the Administration's goals. It has been an experience of a lifetime and one that I shall always treasure.

Thank you so much for having given me this opportunity to serve you.

Very respectfully,



Alan P. Sullivan

98 MAY 18 PM 7:33

THE WHITE HOUSE
WASHINGTON

5-20-98

May 18, 1998

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MEMORANDUM TO THE PRESIDENT

FROM: STEPHANIE STREETT 
SUBJECT: SCHEDULING DECISIONS
CC: JOHN PODESTA & SYLVIA MATHEWS

ACCEPT:

Date of Event:

Description of Event:

5/20/98

Tobacco Event
Staff Contact: Bruce Reed

1,400 Tobacco free kids will be attending the event on the South Lawn. Tara Lipinsky and a tobacco-free youth advocate will be speaking. Following the event, the kids will go to a rally on the Capitol steps hosted by Senator McCain.

5/20/98

Taped Radio Message for Cuban Independence Day
Staff Contact: Samuel Berger, Maria Echaveste

5/26/98

Announcement on Budget Surplus Figures
Staff Contact: Frank Raines, Linda Ricci

5/27/98

Ambassador Credentialing Ceremony
Staff Contact: Samuel Berger

5/28/98

Meeting with Bill Hybels
Staff Contact: Stephanie Streett

5/28/98

Patient Bill of Rights Event
Staff Contact: Bruce Reed

6/10/98

Announcement of Equal Pay Act
Staff Contact: Bruce Reed, Gene Sperling

6/19/98 Press Corps Picnic
Staff Contact: Mike McCurry

6/20/98 White House Staff Picnic
Staff Contact: Capricia Marshall

You will only be obligated to make brief remarks.

TBD Announcement of Revised Prayer in School Guidelines
Staff Contact: Bruce Reed

June TBD American Heritage Rivers Designation
Staff Contact: Katie McGinty

PENDING:

Date of Event: 5/29/98 *If in town
Thurgood Marshall*
Description of Event: U.S. Coast Guard Commandant, Admiral Kramek Change of Command Ceremony, Ft. McNair
Staff Contact: Thurgood Marshall, Jr.

6/11/98 *What does
that mean -
not sure* **PIR** Luncheon with Members of Congress
Staff Contact: Sylvia Mathews, Larry Stein

6/1/98 - 6/31/98 *OK
for* Photo-op / Meet and Greet with University of Georgia Women's Gymnastics Team, NCAA Women's Gymnastics Champions
Staff Contact: Paul Begala

You normally do not do photo ops with NCAA Gymnastic teams. We are only bringing this to your attention because Governor Zel Miller has requested this.

6/22/98 - 6/23/98 *Family
conf* Family Conference, TN
Staff Contact: Office of the Vice President

7/15/98 - 8/15/98 *Address
at* Address at the Dedication of Peace Corps Building
Staff Contact: Thurgood Marshall, Jr.

TBD Interview with Helen Thomas
Staff Contact: Mike McCurry

New Evening
This interview would be for her book she is writing on her time at the White House.

Date of Event:
5/28/98

Description of Event
Black Leadership Forum Award Gala, NYC
Staff Contact: Maria Echaveste, Ben Johnson

The recommendation is for you to do a video to be shown at the event. We are working with Cabinet Affairs and Political on an appropriate surrogate. The current list under consideration is: Sec. Herman, Sec. Slater, Sec. Daley and Sec. Cuomo.

6/4/98

World Bank Conference on Education Reform in Latin America
Staff Contact: Samuel Berger, Mack McLarty

Per your comments on last week's memo, Secretary Riley has agreed to speak on your behalf at this conference.

Irish American Community Celebration of Northern Ireland Peace Agreement (in New York)
Staff Contact: Maria Echaveste, Christine Stanek

We have regretted this request for the June 8 option. We will consider the event for another date possibly in July.

6/10/98

Meeting with 8 Business Software (BSA) member company
CEO's
Staff Contact: Maria Echaveste

Bill Gates is one of the CEO's attending this meeting. Podesta, NEC and Counsel's office have recommended that you regret this invite due to pending anti-trust case with Microsoft. In addition, the other software CEO's are interested in discussing H1B Legislation. The Senior Staff does not think it is appropriate for you to discuss this issue with the industry at this point.

6/24/98

Meeting with Principals of Urban High Schools
Staff Contact: Thurgood Marshall, Jr.

This is the day that you depart for China.

May 14, 1998

The President
The White House
Washington, D.C.

Dear Mr. President

We, the
States' international
in partnership with
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financial obligations
you to veto H.F.
that would serve

Send to Burkhardt

Yes

No

coordinate w/NSC and Martha Foley

Yes

No

Secretary

rule... that would punish organizations for engaging in the democratic process in other countries and for engaging in legal activities that would be protected by the First Amendment if carried out in the United States."

The measure's restrictions on freedom of speech are unacceptable as a matter of principle and policy. It would muzzle private, nonprofit, nongovernmental organizations in other countries, barring them not only from lobbying but also, as the bill's Statement of Managers in Congress states: from sponsoring "conferences or workshops on the alleged defects of the abortion laws, as well as drafting and distribution of materials or public statements calling attention to such alleged defects," with their own money. This policy violates democratic principles and would be firmly rejected as unconstitutional if applied in the United States. It is not a policy that should be foisted on other nations. Many of our organizations have direct experiences with the implementation of public health programs in the United States and overseas.

The facts are:

- USAID resources do not fund abortions;
- Levels of funding approved by Congress for family planning have been drastically cut since 1995; and
- The practical impact of the global gag rule is enormous.

Proponents claim the gag rule will have little effect. This is simply not true.

If a family planning organization in Bolivia is receiving U.S. support for its programs and, for example, published a paper noting that Bolivia has the highest maternal mortality rate in all of Latin America, largely as the result of illegal, unsafe, botched abortions, it would amount to drafting a paper "calling attention" to "defects" in Bolivia's abortion law.

403
May 14, 1998

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

98 MAY 20 04:11:39

Dear Mr. President:

We, the undersigned, represent millions of Americans who care deeply about the United States' international obligations and responsibilities. Many of our organizations work overseas, in partnership with the U.S. government, as well as U.N. agencies, to further worldwide humanitarian goals and U.S. interests. We strongly support the United States meeting its full financial obligations to the United Nations. And, we especially regret that we must strongly urge you to veto H.R. 1757, the Foreign Affairs Reform Act, because of the global gag rule provision that would severely undermine a core principle of U.S. foreign policy.

Secretary of State Albright said it best at a recent Congressional hearing: It is a "gag rule... that would punish organizations for engaging in the democratic process in foreign countries and for engaging in legal activities that would be protected by the First Amendment if carried out in the United States."

The measure's restrictions on freedom of speech are unacceptable as a matter of principle and policy. It would muzzle private, nonprofit, nongovernmental organizations in other countries, barring them not only from lobbying but also, as the bill's Statement of Managers in Congress states: from sponsoring "conferences or workshops on the alleged defects of the abortion laws, as well as drafting and distribution of materials or public statements calling attention to such alleged defects," with their own money. This policy violates democratic principles and would be firmly rejected as unconstitutional if applied in the United States. It is not a policy that should be foisted on other nations. Many of our organizations have direct experiences with the implementation of public health programs in the United States and overseas.

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If the head of a group receiving U.S. aid that offers only natural-method family planning gave a radio interview urging opposition to her country's plan to liberalize its abortion law, she would be violating the ban on a "public statement."

In South Africa, where safe, legal abortions were available to white women but beyond the reach of most black women under apartheid, President Nelson Mandela in 1996 asked Dr. Helen Randera-Rees, director of the Planned Parenthood Association of South Africa (PPASA), for her help. He wanted to draft a law easing such administrative hurdles as a requirement for approval by two doctors, one of whom must have been in practice for at least four years. She helped to draft that law, and it was enacted. Under the pending U.S. measure, PPASA would have lost its U.S. support because Dr. Randera-Rees responded to Mandela's request.

We believe that the bill as enacted would lead to more, not fewer, abortions worldwide, because it would cut \$44 million in funding for family planning, which has proved repeatedly to be the single most effective means of reducing the number of abortions.

The measure imposes a minority American political position on other nations' private organizations, rather than letting them decide what is best for their own country. It tramples upon those countries' medical standards, their political practices and their right to decide their own futures, and it drastically narrows the reproductive health options available to hundreds of millions of women.

Some of us who have signed this letter are pro-choice while others take no position on the question of abortion, but we all stand firmly behind family planning, safe motherhood, and child and maternal health programs.

Equally important, we are Americans who take very seriously our country's deeply held democratic values. The pending measure directly contradicts the most basic of those values: free speech, access to the political process and the right to petition the government for a redress of grievances. The global gag rule turns its back on 222 years of U.S. history and the Universal Declaration of Human Rights.

For these reasons, we urge you to stand firm and veto this measure that would deprive people worldwide of the fundamental rights Americans cherish at home.

Sincerely,

James Wagoner
President
Advocates for Youth

Laura W. Murphy
Director, Washington National Office
American Civil Liberties Union

Sandy Bernard
President
American Association of University Women

Richard A. Levinson, M.D.
Associate Executive Director for
Programs and Policy
American Public Health Association

Amy E. Pollack, M.D.
President
AVSC International

Peter Bell
President
CARE

Frances Kissling
President
Catholics For a Free Choice

Janet Benshoof
President
Center for Reproductive Law and
Policy

Peggy Curlin
President
Centre for Development and
Population Activities

Fred Krupp
Executive Director
Environmental Defense Fund

Jill Sheffield
President
Family Care International

Ward Cates
President
Family Health International

Adrienne Germain
President
International Women's Health
Coalition

Phyllis T. Piotrow
Professor and Director
Center for Communication Programs
Johns Hopkins University

Joel Lamstein
President
John Snow, Inc.

Ron O'Connor, M.D.
President
Management Sciences for Health

Kate Michelman
President
National Abortion and Reproductive
Rights Action League

Joan E. Bertin
Executive Director
National Coalition Against Censorship

Nan Rich
National President
National Council of Jewish Women

Judith M. DeSarno
President & CEO
National Family Planning and
Reproductive Health Association

Judith L. Lichtman
President
National Partnership for Women
and Families

Marcia Greenberger
Co-President
National Women's Law Center

Daniel E. Pellegroni
President
Pathfinder International

Carole Shields
President
People For The American Way

Gloria Feldt
President
Planned Parenthood Federation
of America

Amy Coen
President
Population Action International

David Andrews
President
Population Communications
International

Margaret Catley-Carlson
President
Population Council

Werner Fornos
President
Population Institute

Elenora Giddings Ivory
Director
Presbyterian Church (U.S.A.),
Washington Office

Gordon W. Perkin, M.D.
President
Program for Appropriate Technology
in Health

Rabbi David Saperstein
Director
Religious Action Center for Reform Judaism

The Reverend Carlton W. Veazey
President and CEO
Religious Coalition for Reproductive
Choice

Carl Pope
Executive Director
Sierra Club

Jeannie Rosoff
President
The Alan Guttmacher Institute

Howard Ris
President
Union of Concerned Scientists

Dr. Thom White Wolf Fassett
General Secretary
General Board of Church & Society
United Methodist Church

Susan Davis
Executive Director
Women's Environment and Development
Organization

Prema Mathai-Davis
CEO
YWCA of the U.S.A.

Peter Kostmayer
President
Zero Population Growth

From
Craig
Smith

20 May '98

15:20

P.02/07

Teddy Bear Museum

stratford-upon-avon

PLEASE REPLY TO:
40 CASTELNAU, LONDON SW13 9RU
Tel: 0181 741 3454
Fax: 0181 741 7335

7 May 1998

H E Philip Lader
Ambassador
United States Embassy
24 Grosvenor Square
London W1A 1AE

98 MAY 20 PM 12:29

Dear A

I wrote to you on
original letter not
certainly out of
good one and I

Because the T.
United States,
years ago, the
launched by y

The museum
mounting a sp
anniversary. The exhibition...

Association, the national trust of recreational space, the charity,
play and sport opportunities for young people. I am Vice President of the
Association and HRH The Duke of Edinburgh is President. His bear will be
one of the distinguished visitors to the museum, as will that of the Prime
Minister Tony Blair.

I am writing to you because, as the centrepiece of the exhibition, we would
love to have an official Presidential bear. Do you think President Clinton
would consider letting us have a bear with his blessing? I would be happy to
travel to Washington DC to collect it or do whatever was necessary to ensure
its safe transit.

The President and I were contemporaries at Oxford and when he was over
here two or three years ago (when I was an MP and a member of the
government) he was amused that Ambassador Seitz's teddy bear came to
vacation at the Teddy Bear Museum in Stratford-upon-Avon, and my
consequent hope is that he would be happy to let a Presidential bear come to
Stratford this summer in aid of a good cause in this special anniversary year.

Came in Interoffice Mail 5-20-98
Send to Burkhardt?

Yes

No

Don't
what did we
do with
his?

From
Craig
Smith

Teddy Bear Museum
stratford-upon-avon

PLEASE REPLY TO:
40 CASTELNAU, LONDON SW13 9RU
Tel: 0181 741 3454
Fax: 0181 741 7335

7 May 1998

H E Philip Lader
Ambassador
United States Embassy
24 Grosvenor Square
London W1A 1AE

1998 MAY 20 PM4:29

Dear Ambassador,

I wrote to you on 14 March and thought that I would write again in case my original letter never reached you. My request may seem eccentric - and certainly out of the run of regular diplomatic business - but the cause is a good one and I very much hope you may be able to help.

Because the Teddy Bear owes his name to the twenty-fifth President of the United States, we were honoured and delighted that, when it opened ten years ago, the United Kingdom's national Teddy Bear Museum was formally launched by your predecessor, Ambassador Charles H Price II.

The museum will be celebrating its tenth birthday on 4 July 1998 and we are mounting a special exhibition of Great Bears of Our Time to mark this special anniversary. The exhibition will be in aid of the National Playing Fields Association, the national trust of recreational space, the charity that promotes play and sport opportunities for young people. I am Vice President of the Association and HRH The Duke of Edinburgh is President. His bear will be one of the distinguished visitors to the museum, as will that of the Prime Minister Tony Blair.

I am writing to you because, as the centrepiece of the exhibition, we would love to have an official Presidential bear. Do you think President Clinton would consider letting us have a bear with his blessing? I would be happy to travel to Washington DC to collect it or do whatever was necessary to ensure its safe transit.

The President and I were contemporaries at Oxford and when he was over here two or three years ago (when I was an MP and a member of the government) he was amused that Ambassador Seitz's teddy bear came to vacation at the Teddy Bear Museum in Stratford-upon-Avon, and my consequent hope is that he would be happy to let a Presidential bear come to Stratford this summer in aid of a good cause in this special anniversary year.

If this were achievable, you can imagine how honoured and thrilled we would be. Do you think it might be possible to arrange?

If there is any further information that you need either about the national Teddy Bear Museum or about the National Playing Fields Association, please let me know.

I look forward to the possibility of hearing from you.

With all best wishes,

*Yours sincerely,
Gyles Brandreth.*

GYLES BRANDRETH
Founder
The Teddy Bear Museum

Betty -

Not sure why they
came to me
Eric

5.19.98

Carol

Per Lits/Free = Potus
not purchasing new
suits.

[Signature]

5-20-98

Phil -
How should we
handle?

Nice response
from Jan

Carol

JAMES LEVETT

1998 MAY 20 PM 12:32

SAVILE ROW · LONDON

Eric Hothem
The Social office
East Wing 200
The White House
1600 Pennsylvania Avenue NW
Washington DC 20502
U.S.A.

Tuesday 12th May 1998

Dear Mr. Hothem.

I am writing in reference to my conversation with Alan McCain and your assistant Michael, who suggested that I should write.

I have a tailoring company in Savile Row London.

Savile Row is a street housing the finest tailors in the world, who have dressed many passed Presidents.

I have observed Mr. Clinton during his terms of office and have been disappointed with the manufactured "Designer Suits," which lack the hand made quality that Savile Row is famous for.

A similar comparison is that between a "Painting and a Print."

I believe your President's appearance would be enhanced significantly and I would enjoy proving my point by creating a suit or two for him at no cost.

I visit Washington DC regularly several times a year and would be pleased to reschedule my trips in order to provide fittings at his convenience.

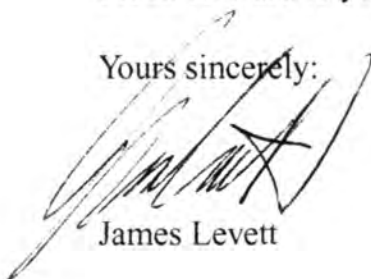
Initially, I would need to measure the President and return the following month with a fitting for him to try on. By this time I would have perfected a template of Mr. Clinton and by this means the fit of any future suit would be guaranteed.

I enclose an article taken from the London Financial Times, which indicates my standing in Savile Row.

I do hope that my suggestion appeals to the White House and that I can introduce the President to the fine traditions and craftsmanship of Savile Row.

I look forward to your response.

Yours sincerely:



James Levett

JE

TAILOR

May 19, 1998

RECOMMENDED TELEPHONE CALL

TO: Philadelphia Democratic Party Chair Robert Brady

DATE: May 19, 1998

FROM: Craig T. Smith and Craig Hughes

PURPOSE: To congratulate Bob Brady on winning the May 19 special election and Democratic primary in the First Congressional District race.

BACKGROUND:

Bob Brady won two elections on Tuesday: 1) to serve out the remainder of Rep. Tom Foglietta's term, and 2) to be the Democratic nominee for the November general election.

Given the overwhelming Democratic registration edge in the district, Brady is all but certain to win in November.

In the primary, Brady was endorsed by Philadelphia Mayor Ed Rendell (D), key members of the African American community, state legislators, city council members, the district attorney, labor leaders, and former Rep. Lucien Blackwell (D), whom many had expected to challenge Brady for the seat.

Although nearly every leader in Pennsylvania politics endorsed Brady, his candidacy was controversial for two reasons: (1) upon election, he will replace Rep. Foglietta as the only white representative in a majority black CD in the country, and (2) he does not live in the district.

The First Lady was the guest of honor on May 8 at the Philadelphia City Committee Reception, which is Brady's annual fundraising event. The First Lady was there to campaign for Marjorie Margolies-Mezvinsky.

District Vote for the President and Vice President:

1996		1992	
Clinton/Gore	83%	Clinton/Gore	73%
Dole/Kemp	12%	Bush/Quayle	19%
Perot/Choate	4%	Perot/Stockdale	8%

*Copied**Smith**Hughes**CS*

TOPICS OF DISCUSSION: 1. Congratulations on winning the special election and the Democratic primary.
2. I look forward to working with you when you arrive in Congress.

CONTACT PERSONS &

TELEPHONE NUMBERS: Cell Phone: 215-738-7901 (Assistant: Phil Esposito)
Home: 215-472-4488
Office: 215-241-7804 (also site of victory party)
Assistant: Linda Mathews

DATE OF SUBMISSION: May 19, 1998

ACTION:

5-20-98

3681

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

'98 MAY 20 PM 3:16

TO:

Senator John Glenn

DATE:

May 20, 1998

RECOMMENDED BY:

SAMUEL R. BERGER
LARRY STEIN *for LJS*

PURPOSE:

To discuss Senator Glenn's
views on tensions in Southwest
Asia.

BACKGROUND:

Senator Glenn was invited along
with other Members of the
Senate to meet with you and
members of your Administration
to discuss the Russia Iran
sanctions legislation pending
action in the Senate. Senator
Glenn requested an opportunity
to meet or talk with you prior
to that larger group meeting.

TOPICS OF DISCUSSION

During last Sunday's airing of
Face the Nation, Senator Glenn
proposed the idea of a U.S. or
UN-sponsored conference on
Southwest Asia with India and
Pakistan to address many of the
issues that cause tension
between the two countries. He
believes such a forum could
help lower the rhetoric and
weaken the antagonism that has
been renewed in the aftermath
of India's nuclear tests.CONTACT PERSON AND
TELEPHONE NUMBERS:Mara Rudman, x69171
Bruce Riedel, x69121

DATE OF SUBMISSION:

May 20, 1988

Attachment

Tab A Points to be made

*Copied
Berger
Stein
C/S*

POINTS TO BE MADE FOR
TELEPHONE CONVERSATION WITH
SENATOR JOHN GLENN

- Very concerned about situation in South Asia. I have spoken to Prime Minister Sharif twice and Strobe has reported to me on his talks. Concerned not only about tests, but increasingly belligerent statements by Indian officials.
- Unless we can buttress Sharif with a package of positives, Pakistan will test and the downside spiral to war will accelerate.
- I know your concerns on proliferation, which I fully share, but we need to act quickly to help Sharif.
- Want to see if we can reverse some of the negative sanctions on Pakistan, perhaps by returning the F-16s and restoring IMET. We would make clear that in turn Pakistan would not test and not proliferate to third parties.
- Will also look into economic measures such as debt relief from us, and economic assistance from IFIs.

IF ASKED:

Q - Does this mean we should repeal Pressler and waive Symington?

A - Yes, if you think we can do it quickly. What is your view of the mood on the Hill?

98 MAY 19 PM 8:17
THE PRESIDENT HAS SEEN
5-20-98

Samuel R. Berger

5/19

✓
Potus -

Talked to Lott.

Went through what
Russians have done
since my meeting with
Kokoshin; Yeltsin-Clinton.

He seems determined
to proceed Thurs/Friday,
although he asked me
to give him a paper
along the lines of my
presentation to him; we
will have it to him
tomorrow.

Later met w/ Daschle,
Levin, Ticherman,
Biden. They believe

This train is unstoppable
unless Lott delays;
AIPAC/Israel driven

I believe it ~~is~~
could be useful if you
call Lott (Eroskine
agrees). Attached are
talking points.

(Bear in mind
that he has a W.C.
resolution calling for
vote MAY 20-22.
Nevertheless, Tom et al
thought he could get
unanimous consent for
delay if he wanted it).

Give me a call if
you want to discuss
further.

②

copied

Berger

NSC W.Wing Ded

COS

5-20-98

*Delivered
Sanctions*

Missile Sanctions Bill

-- I know Sandy already talked to you about the Missile Sanctions Bill that the Senate is scheduled to take up on Friday and the result of his trip to Moscow.

-- I believe this will be the most important foreign policy vote the Senate will hold this year, outside of NATO expansion.

-- Essential to us (and to our friends in the Middle East) that we cut off Russian assistance to Iran's missile program.

-- Yeltsin has put Kokoshin, his new Security Advisor, in charge of fixing this problem. Kokoshin has the full backing of new Prime Minister, Kiriyenko. In only a few weeks, Kokoshin has begun to produce results, both enhancing regulations and cracking down on violators.

-- We're still not across the finish line, but we're moving in the right direction.

-- Passage of the missile sanctions bill (and imposition of its sweeping sanctions) will be counterproductive, both on the missile issue and on broader U.S.-Russia relations.

-- First, it will totally undercut Kokoshin, who is the first senior Russian official to take responsibility for fixing the problem.

-- Second, it will be a direct slap at the new Kiriyenko government, which will have serious consequences on our relations with the most reformist government since Russian independence.

-- Third, it will doom chances for Duma ratification this year of START II.

-- Fourth, it is likely to lead to more, rather than less assistance to Iran's missile program. The problem solvers will be weakened; the entities making money off this trade will be off the hook.

-- Ask that you delay this bill to give the new Kiriyenko-Kokoshin team a chance to deliver. Yeltsin told me Sunday that he has charged Kokoshin to fix this problem.

-- Having come this far, we should not blow the game by taking actions that are likely to make the problem worse, which could actually have the effect of helping Iran's missile program.

[If Lott says that he will not delay the vote]

-- Hope that you will consider passing the bill without asking for a recorded vote.

THE INDEPENDENT

ADDRESS: 1 CANADA SQUARE, CANARY WHARF, LONDON E14 5DL
TELEPHONE: 0171 293 2000 OR 0171 345 2000
FAX: 0171 293 2435 OR 0171 345 2435
THE INDEPENDENT ON THE INTERNET: WWW.INDEPENDENT.CO.UK

NSC Big fuss over a small bomb

THE POLITICAL shockwaves generated by India's unexpected series of nuclear tests this week have spread rather wider than the physical ones. President Bill Clinton has called the tests an "irresponsible act". The G8 leaders have expressed their concerns and imposed economic sanctions. Of course, no one can be in favour of the indiscriminate spread of nuclear weapons technology. Many sane people would even like to try to put the atomic genie back in the bottle. But there is more than a little hypocrisy about some of the criticisms now being voiced about India. How can existing nuclear powers, well represented in the G8, be so snuffy about India's actions, when all that she has done is to follow the policy of nuclear deterrence, which was responsible for 40 years of peace and security in Europe after the Second World War? In any case, these particular tests, modest by the standards of the nuclear club, may yet result in an equilibrium between the powers in the region.

It is worth understanding how the small scale of these exercises made them especially powerful in their political and strategic messages. It is harder to make a small weapon than a large one, and miniaturised warheads can be more potent, as they are easier to deliver. The engineering of such small test heads indicates a high degree of technical skill and sophistication. India can assemble about 60 of these warheads and could deliver them from aircraft or missiles. They can reach China from northern India, or Pakistan from the southern part of the country. They represent an enormous boost to Indian security.

Let us be clear, though, that another reason for the tests is the fillip that they give to the ruling BJP, which gained a narrow majority in February's elections. The BJP is committed to Indian nationalism and self-sufficiency, and nuclear weapons are both symbol and substance of India's status as a regional superpower. "Don't push India around" is a message as unpalatable to India's neighbours as it is popular with her voters.

Menacing though the exercise of her destructive potential may have been, however, India has not invaded a neighbouring country or inflicted human rights abuses on her own people. She retains the distinction of being the largest democracy on earth. Neither has she breached international law. She has not yet signed the Nuclear Non-proliferation Treaty (NPT) or the Comprehensive Test Ban Treaty (CTBT). The tests could be the prelude to her signing the CTBT - as it was for China. And Pakistan has said that if India signs the treaty, it will too. This crisis may be defused remarkably quickly.

Third World

Sir: When the 100 countries meet in the weekend, they will discuss the problem of the world. This is not before of essentially unbalanced

copied
Berger
NSC W. Wing
Dask
COS

In Ethiopia, where children die each year of preventable diseases, there are four times higher spending on health care than in Tanzania, where 40 per cent of the population die before the age of five. The repayments are six times higher than the spending on health.

As part of the Jubilee 2000 campaign, we call on the world's poorest countries to cancel the unpayable debts which would mark the end of the most significant

Professor DAVID BAKER, President, Royal College of Paediatrics and Child Health
Dr MICHAEL BRINDLEY, President, Royal College of Radiologists

Dr JUNE CROWN, President, Medact; President, Faculty of Public Health
Dr KIT HARLING, President, Faculty of Medicine

Dr R E KENDELL, President, Royal College of Psychiatrists

Dr SANDY MACARA, Chairman of Council, Medical Association

Professor COLIN MACLEOD, President, Royal College of Physicians and Surgeons

Professor RODERICK MCKAY, President, Royal College of Pathologists

Sir NAREN PATEL, President, Royal College of Obstetricians and Gynaecologists

Professor J C PETRIE

New rules in the

76 HRC

5-20-98

781-B

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Rwanda's Orphans Find A Home - With One Another

By Doug Schwartz
Special to The Christian Science Monitor

KANZENZE, RWANDA

It takes a village to raise a child, according to the famous African adage. But in many places in Rwanda these days, it seems the children are raising a village.

In this war-torn nation, where an estimated 800,000 people were killed four years ago, orphans are the norm and children often take care of children.

There are more than 60,000 child-headed households in Rwanda, according to a recent report by World Vision and UNICEF. The figure represents 300,000 children living on their own, fighting for food and for each other.

In the hills of Rwanda, an hour's walk from the nearest village, 23 kids sit in the shade of a red-brick house. It is a school day, but they are not in school. The rules here are few. There are no parents here among these four families.

Emanuel Nsanzumuhire steps out of the shade. A scrawny 15-year-old, he saw his parents, aunts, and uncles killed in the 1994 genocide, leaving him in charge of seven siblings and nephews. He was 12 at the time.

Now, normal questions are out of place. When asked if they ever have fun, Emanuel has to stop and think. "Sometimes after dinner," he says, "we talk to neighbors or among ourselves."

"For adults it's difficult, so you can imagine for children," says Huguette Ruteru of UNICEF, the United Nations Children's Fund. "They were just learning to be children, and now they've had to change their roles to be adults. It must be very difficult for them to survive."

But they are surviving, and so too is this small central African nation. Backed by nongovernmental organizations, the people of Rwanda are slowly healing the wounds of war.

Many say they have seen signs of long-awaited justice and redress emerging in recent weeks. Earlier this month, the former Rwandan prime minister pled guilty to charges of genocide. The confession, the first of its kind, came a week after 22 Hutus were publicly executed for their roles in the killings.

Weeks before, President Clinton visited Rwanda, apologizing for international inaction four years ago, when extremists in the Hutu ethnic majority killed about 800,000 ethnic Tutsis and moderate Hutus. Last week, UN Secretary-General Kofi Annan also expressed regret during a visit. "We must and do acknowledge that the world failed Rwanda at that time of evil," he said.

Still, the struggle for reconciliation is



BABIES RAISING BABIES:
A Hutu refugee child carries her younger brother across the border to Gisenyi, Rwanda, after living in the former Zaire. The 1994 genocide of ethnic Tutsis by Hutus and the current rebellion between Hutu rebels and the Tutsi-led Army has left tens of thousands of children without parents. More than 60,000 Rwandan families are headed by children, according to a recent report by UNICEF and World Vision.

far from over. There are 130,000 Hutus in fetid, overcrowded prisons awaiting trial - most without any legal representation.

And fighting in the country's northwest between Hutu insurgents and Tutsi-led government troops is spreading, leaving thousands of refugees terrorized and displaced. Many are orphans.

Three out of four child-headed households in Rwanda are run by girls, often living on their own, far from others. They are particularly vulnerable. Rape and theft are not unusual, according to the UNICEF/World Vision report.

Sixteen-year-old Jeanette Ayinkamiye leaves her three siblings with Emanuel while she walks an hour away to the market. There, in a crowd selling scraps of rubber, potatoes, and clothes, is where Jeanette works. "Business is OK," she says, sitting next to a pile of rice. "It's enough to buy small things for my siblings back home."

But work is scarce and few of these children go to school or have the chance to learn a trade - making integration into society all the more difficult.

Aid organizations like World Vision are trying, but they say only 30 percent of child-headed households are being reached.

Some are trained in places like the Arab carpentry shop. Under a split tin roof, 13 boys are busy sanding window frames, part of an apprentice program.

Sixteen-year-old Patrick Rutangengwa looks more like 13, his lanky frame barely clinging to a man's shirt. "It's hard to find food for my three siblings," he says. "But I hope knowing carpentry will change that."

"I'm never scared," he adds. But his

eyes say something different.

For most of these children, dealing with the trauma of genocide gets lost in the struggle to simply get by.

"This picture they saw - when their parents and relatives were being killed - they find very hard to wipe from their minds," says Rachel Miuru, program coordinator for World Vision. "Many times they just

have expressionless faces."

Down a red road near a mass grave, 40 boys pile through a heap of smoldering trash. They search for money and food, waving fists at anyone daring to approach.

"The biggest challenge," says Ms. Miuru, "is how to have these children trust the same community that put them in the situation they find themselves in."



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The Dow Jones industrial average closed at 9,050.91. 20

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THE PRESIDENT HAS SEEN
5-20-98

Business & Farm

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TUESDAY, MAY 19, 1998
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Arkansas Democrat & Gazette

DIGEST

INDEXES

NYSE	572.08	-2.32
AMEX	732.36	-4.73
Nasdaq	1,831.62	-15.15

STANDARD & POOR'S

400 Inds	1,291.70	-2.96
20 Trns	708.53	-9.53
40 Utls	235.43	-0.24
500 Stks	1,105.82	-2.91

TREASURY BILLS

30-Day	Bid 4.80	Ask 4.78
60-Day	4.85	4.83
90-Day	5.07	5.05
One-year	5.16	5.14

METALS

London gold	299.25	-2.20
Paris gold	302.03	-0.81
Zurich gold	299.60	-1.60
Silver	5.32%	-0.32%

COMMODITIES

Cotton/July	66.65	+0.37
Rice/July	11.16	+0.07
Soy/July	6.44	+0.02%
Wheat/July	3.02%	Uchg

NATIONAL

■ Cardinal Health, the nation's second-largest drug distributor, is swallowing R.P. Scherer Corp., the world's largest maker of soft gelatin capsules, in the latest consolidation of the health-care industry. The \$2.1 billion merger announced Monday would give Cardinal Health greater control over prescription drugs sold nationwide, making it a supplier for drug wholesalers and not just a middleman.



Associated Press

President Clinton and British Prime Minister Tony Blair (right), acknowledge a reporter Monday as they reply to questions at the British Foreign Office during a press conference. Clinton and Blair announced that the United States and the European Union had resolved some trade issues involving Cuba, Libya and Iran.

Clinton asks secrecy to end in disputes of world trade

Urges organization to work in public

BY MARTIN CRUTSINGER
THE ASSOCIATED PRESS

LONDON — President Clinton, celebrating 50 years of the modern global trading system, called for an end to secrecy surrounding trade disputes and urged other nations to join the United States in new negotiations to tear down market barriers.

With Cuban President Fidel Castro sitting in the front row, the president delivered a speech in Geneva at the World Trade Organization in which he sought to counter a growing backlash against trade and other forces of the new global economy.

"Globalization is not a policy choice — it is a fact," the president said. "We can work to shape these

powerful forces ... or we can retreat behind walls of protection and get left behind in the global economy."

The president proposed new trade talks next year and offered to be host for the event in the United States. U.S. Trade Representative Charlene Barshefsky said the U.S. offer had been accepted in the early discussions but that no site had been picked yet.

Bowing to trade critics, Clinton also called for elimination of the secrecy surrounding the Geneva-based organization, which supervises trade disputes, and urged new panels be created to make sure the organization addresses environmental and labor concerns.

Trade cases between countries are heard in private and the results are kept private sometimes for months, a practice that has resulted in charges that the all-powerful body operates in secret, often ignoring interests such as the environment or worker rights if they run counter to trade concerns.

Clinton said the administration would immediately request that all its trade disputes be conducted in public and challenged other countries to do the same.

"The organization should take every feasible step to bring openness and accountability to its operations," the president said.

The president's speech was de-

See **TRADE**, Page 6D

Beverly quiet on possible bid for German firm

BY DOUG THOMPSON
ARKANSAS DEMOCRAT-GAZETTE
Beverly Enterprises Inc. report-

Frankfurt, reported that Maternus is negotiating a sale with Beverly, the largest longterm care company in the United States. The newsda-

Griffith said.

The German company is in negotiations with several buyers, Maternus board member Bernd-Martin

had sales of \$3.22 billion last year. Maternus' most recent published financial reports show sales of 49.4 million German marks in 1996. This

or about \$3.2 million. The German company is based in Bad Oeynhausen, near Minden in northern Germany.

Trade

• Continued from Page 1D

livered as the organization convened a ministerial meeting to celebrate 50 years of efforts to lower trade barriers.

But underscoring the intensity of the opposition, 5,000 demonstrators broke windows and damaged cars over the weekend to protest a free-trade system they blame for increasing poverty and financial instability.

Last year, protectionist forces in Congress scored a major victory when they blocked Clinton's request for the fast-track authority he will need to complete new trade agreements, including the new set of discussions he sought in his speech and the hemisphere wide free-trade zone he went to Santiago, Chile, last month to promote.

The last global trade talks,

known as the Uruguay Round for the country where they began, dragged on for seven years, not wrapping up until December 1993, a period that Clinton called far too long.

"In an era in which product life-cycles are measured in months and information and energy move around the globe in seconds, we can no longer afford to take seven years to finish a trade round," Clinton said in the speech.

"We should explore what new type of trade negotiating round or process is best suited the new economy," the president said.

In an advanced copy of the speech distributed before Clinton left London, the phrase "or process" was not included. Barshefsky said it was added to distinguish the new global trade talks from the previous trade rounds.

She insisted, however, that the

administration is willing to consider all options in deciding just what type of negotiations to conduct but the administration has made it clear that it does not favor the all-inclusive process represented by past "rounds."

European Union officials, however, have put forward a proposed Millennium Round, which U.S. officials joke could mean it will take 1,000 years to complete.

In his speech, Clinton did not spell out explicitly what areas should be covered by the new global talks but he did mention that further efforts should be made to lower tariffs for products from chemicals to environmental technology.

He also said the current agenda calling for global talks to remove further barriers in agriculture beginning in 1999 and services in 2000 were important to U.S. interests.

Computers

• Continued from Page 1D

reeks of favoritism for the wealthy."

The administration has been less critical of a bill pending in the House, sponsored by Rep. Lamar Smith, R-Texas, that has stronger worker protections and provides the Labor Department greater enforcement powers.

Current law provides 65,000 temporary visas a year to let skilled foreign workers work in the United States.

The Immigration and Naturalization Service announced May 11 that the 65,000 visas for 1998 had been depleted, partly due to demand in the booming high technology sector.

That prevents Microsoft Corp.

Driving the expansion are forecasts for booming high-tech employment that cannot be met by U.S. college graduates, Abraham said.

The Commerce Department expects technology jobs to grow by 130,000 a year, but the nation will produce only 25 percent of the people needed to fill those jobs, Abraham said.

The Clinton administration said the bill's temporary increase of 115,000 visas is too large and the five-year extension lasts too long.

Sen. Edward Kennedy, D-Mass., said the shortage of qualified technical workers was "an embarrassing indictment of our failure to provide adequate training for American workers."

"There's no reason why we shouldn't develop the kind of

ham included \$68 million in scholarships for low-income Americans.

Sen. Dianne Feinstein, D-Calif., said a close examination of the so-called H-1B visa program shows only a small percentage of those involved are highly skilled computer programmers. She said 85 percent of the workers earn less than \$75,000 a year and most computer professionals are lower-level programmers.

In addition, she said the program brought in 26 percent of physical therapists.

"You mean we can't find American health therapists for these jobs?" she asked.

Kennedy unsuccessfully sought to attach two major amendments to strengthen workers' rights. A proposal requiring companies to recruit American workers first



Mazda executive designer Tom Matano displays an early American O design of the 1999 Mazda Miata at the company's North the hot spot

Trend-setting Ca place to be for ca

BY MICHAEL WHITE
THE ASSOCIATED PRESS

LOS ANGELES — Anxious to persuade Mazda executives to start production of a snappy new roadster, designer Tom Matano took a bold step to bypass corpo-

"Someone in Iowa might s don't care about California (but the type of vehicle that's a able for them to buy certainly be influenced by design won Southern California," he said.

The state also contribute

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THE INDEPENDENT
5-20-98

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How my love for Nelson Mandela changed my life

Paul Vallely talks to Graca Machel about death, her new lease of life and her charity foundation

IT IS NOT just Nelson Mandela who has helped heal the wounds in the heart of Graca Machel. For five years she wore black, in mourning for the death of her husband, Samora Machel, the founding president of Mozambique who died in 1986 when his presidential jet crashed mysteriously into a South African hillside, murdered she has adamantly maintained ever since – by agents of the apartheid regime. Today she is the woman who walks publicly hand in hand with President Mandela, her head against his shoulder, and who has made him, he says, late in life, bloom like a flower. “I am in love with a remarkable lady,” the 80-year-old president has said. “She has changed my life.”

He has changed hers too. “I am very happy,” she said this week in London, beaming when the conversation moved from the unhappy subject of Third World debt, which is this weekend on the agenda of the world leaders gathered in Birmingham for the G8 summit. She is an elegant animated woman who laughs a lot, when the moment is apt.

Her friendship with Mr Mandela – whom she calls by the affectionate nickname Mandiba – began in 1986 after the imprisoned leader wrote from Robben Island expressing his condolences over her husband's death. She had been left with a son and a daughter, aged seven and 10, and five step-children.

When they met for the first time in 1990 soon after his release both were aware on an instant rapport which began to grow into a friendship when they met again in 1992 when Mrs Machel received an honorary degree from a South African university.

Then in 1993 the African National Congress president, Oliver Tambo, who was godfather to her children, died and Mr Mandela took over as the role and the relationship between the couple grew. After it became clear that Mr Mandela's marriage to Winnie was beyond repair, he began to go Mozambique for the weekend “to get away”. The couple realised they had fallen in love.

He launched a fresh investigation into her husband's death. An official South African report at the time blamed pilot error, but there was talk of bullet-holes in the fuselage. How was it going? I asked her. “It is a very complicated issue,” she said. “We're dealing with it, quietly.”

But what began the progress which has brought her to love and fulfilment was something different. It was a tiny charity called the Foundation for Community Development. It is what, in the two weeks every month that she is apart from Mr Mandela, consumes her time.

“It is very small. We give grants and

longer there. As minister of education I dealt with policy formation and macro-economics. And, yes, at the end of the year you know how many people graduate, but you don't touch any one in your everyday life. But here the people I deal with each have a face. It is a two-way process; I receive from them the lessons that they have to teach. It is more human and much more fulfilling. Through this small charity, with only a \$1.5m turnover, I found a meaningful way of continuing to be alive.”

Her combined understanding of macro-economics and of its impact at the

survive till we reach the long run.” According to the World Bank's Human Development Report an extra 21 million people will die in the Third World between now and 2000 if debt relief is not secured. How can we postpone our right to live? It's not negotiable. The high rate of malnutrition affects the brain – these children may live physically but they will be handicapped intellectually. Such things are criminal. They are silent ways of killing.”

Finding the time to carry on her work – and she has recently completed a report for the UN on the fate of children caught up in war – is not easy when she is now involved in a relationship with Mr Mandela which involves international commuting and daily telephone calls during their frequent separations.

“It's difficult,” she said. “But it's only a 45-minute flight from Maputo to Johannesburg. The real difficulty is having two families, but I love my children and I love him too. If you love somebody you find a way of doing it.”

As to reports from Mozambique that she would be standing for president in 1999, they were “nonsense”. It is the year in which Mr Mandela will retire and from which point she hopes to help him experience the normal family life he has never had – and find the time to enjoy with him the things he loves doing for which his office never gives him time.

And would they be getting married? “I don't want to talk about it,” she said with a squeal of laughter. Was she still talking to Mr Mandela's fellow Nobel Peace Prize winner, Archbishop Desmond Tutu, who had publicly complained about their “intimate relationship outside marriage”?

“He's a good friend to Mandiba and he's a good friend to me. He was, and he still is. Of course, we don't ignore what he says, but I don't think we're a bad example to the youth of South Africa. I don't think they see us that way. I don't think it affects the way people in Mozambique think about me and it certainly doesn't lessen Mandiba's authority.”

‘I don't think we're a bad example to South Africa's youth. It doesn't lessen his authority’

loans to small groups of farmers and women to help them generate income for themselves,” she said. “We help in kind too, giving goats and cattle from which they breed until they can afford to return the number they were given. We help train and equip women in sewing. And we help build up the skills of indigenous NGOs.”

At first sight it may seem an odd move for the woman who was once a guerrilla in the fight to liberate the country from Portuguese rule and then became the only female in the Mozambican cabinet – she was education minister for many years, even carrying on for three years after her husband's death. In 1989, she persuaded the new president to accept her resignation and withdrew from public life.

“I had to rethink, to gather all the scattered pieces of myself. I had to acknowledge that somehow I had been handicapped, that part of myself was no

lowest level gives her a unique position from which to speak out this weekend in Birmingham at the G8. “In recent years the macro-economic indicators in Mozambique have been improving, with annual growth of between 6 and 8 per cent and inflation down to 4 per cent. But that doesn't mean the lives of ordinary people are improving. Quite the opposite. Living standards are worsening.”

Think about Britain, she said, and imagine that “35 million people here have no access to clean water – and 20 million women cannot now read or write. That's what it is like for us. Yet we have to pay \$100m a year in debt repayments – which is more than we spend on health and education combined. The IMF and World Bank don't have the courage to acknowledge the ill-effects of the remedy they are imposing. But on the ground you'd have to be blind not to see it. Many of these people aren't going to



Graca Machel, who will be speaking out at the G8 summit

Photograph: Nicola Kurtz



THE CHRISTIAN SCIENCE MONITOR

BOSTON - TUESDAY, MAY 12, 1998

Internet address: www.csmonitor.com

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SCHOOL ALERT Reading, Writing, and Hit Lists

By Abraham McLaughlin
Staff writer of The Christian Science Monitor

LAFAYETTE, TENN.

NESTLED among the knobby hills of middle Tennessee, the community of Lafayette is a lot like other American small towns.

It's got a Wal-Mart. Its hulking water tower is the tallest thing around. And the Shrum Farm and Feed Supply stays busy most days.

But it is also one of a growing number of towns where students have threatened violence against teachers and other kids.

Two eighth-graders were recently charged with harassment after teachers found lists of their potential targets. One note was titled "Death

'Nontraditional cults seem to be growing fastest in religiously conservative areas.'

- Prof. Johnny Purvis

List" and had 73 names.

This town of 2,000 has been unwillingly thrust into the company of communities trying to avoid becoming another Jonesboro, Ark., or Edinboro, Pa., by taking a hard look at why their kids would consider - or even joke about - such awful acts.

The answers they're finding range from the age-old teenage desire for attention to uniquely modern factors, such as parental indifference and influence of the satanic rock group Marilyn Manson.

"At this age, lots of kids are followers," says Terry Marsh, principal of Macon County Junior High, where the lists were found. "Lots of kids are after attention."

The two accused teenagers now await trial on harassment charges and have agreed not to return to school this year.

Meanwhile, edgy educators and police nationwide

See **VIOLENCE** Page 4

India Rattles Nuke Saber

■ Monday's nuclear tests may undermine new treaty and add to instability in Asia.

By Jonathan S. Landay

Staff writer of The Christian Science Monitor

WASHINGTON

The detonation of three underground nuclear devices in India's western desert is sending shockwaves around the world.

The tests - the first there since 1974 - have shaken post-cold-war global arms control efforts and may

threaten the stability of Asia.

Authorized by India's new Hindu nationalist government, yesterday's blasts could accelerate a debilitating regional arms race. Pakistan, which has fought India three times since 1948 and has its own clandestine nuclear program, may feel compelled to test an atomic weapon for the first time, experts warn.

The Indian explosions could also reignite tensions between India and Communist China, once the world's largest nuclear weapons stockpile. The tests, which came after a 1962 over-kill-unresolved border

dispute. Last week India's defense minister called China the main threat to Indian security.

A surge in regional tensions could prompt other nations in Asia to boost military spending at a time when they can ill-afford it because of the financial crisis that is rocking their economies.

"The significance of this development really cannot be overstated," says John Medalia, a congressional arms-control expert. "All of a sudden, India has tossed a match onto a tank of gasoline."

See **INDIA** Page 10



BLOCKADE BREAKERS: West Berlin children outside Tempelhof airport watch as a US flight brings supplies through the 1948-1949 Soviet blockade. The Berlin airlift, mounted by Western Allies, delivered more than 2 million tons of cargo to the cutoff city over 15 months.

Grateful Berlin Recalls US Rescue

■ Celebrations begin this week marking 50th anniversary of the Berlin airlift. President Clinton to visit Wednesday.

By Lucian Kim

Special to The Christian Science Monitor

BERLIN

Fear and hunger are the dominant feelings that Dieter Hahn remembers from the years following the Nazis' defeat in 1945.

Like the rest of Germany, Berlin had been divided into zones of occupation, yet tensions between the United States and the Soviet Union soon escalated. Berliners like Mr. Hahn, then a teenager, suddenly found themselves on the front lines of the escalating cold war.

Fifty years ago, Stalin cut off western access routes to Berlin, hoping to starve inhabitants of West Berlin into joining the Soviet camp. But the bluff failed miserably. The Western Allies responded with one of the biggest airlifts in history, breaking the blockade and winning over the allegiance of West Berliners. "In the beginning we were afraid, but after the airlift began, the ice was broken," says Hahn. "We got the feeling that we weren't conquered anymore, that somebody cared about us."

This week, Berliners begin commemorative events marking the airlift's 50th anniversary and the city's continuing special relationship with the US. On Wednesday, President Clinton will arrive for a two-day visit.

See **AIRLIFT** Page 6

'Superfirms' Take Over In Global Age

■ Latest mergers show how industries are consolidating down to a few mammoth firms to compete in world economy.

By Peter Grier and
James N. Thurman

Staff writers of The Christian Science Monitor

WASHINGTON

Call it the Godzilla economy of the 1990s: A trend towards bigness is increasingly redefining many of the United States' most important industries.

In the past, merger waves were often marked by agglomeration - chemical companies buying printing plants, auto firms snapping up computer service providers, and other mixed-industry marriages.

But the 1990s now appear to be an age of frenzied conglomeration, with like firms scrambling to consolidate into market-bestrident supercompanies.

From banking to vehicles to telecommunications, managers now appear to see size as the key to survival, say analysts. In today's global, lightly regulated economy, many industries may be dominated more and more by huge low-cost producers.

"Everything is viewed in terms of economy of scale ... in autos, or any number of industries. Unless you are an integrated global company you could be left behind," says David Cole, director of the Office for the Study of Automotive Transportation at the

See **MERGERS** Page 10

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KAMAL KISHORE/REUTERS



POWER PLAY: The Indian military displays one version of its medium-range Prithvi missiles - missiles capable of carrying nuclear warheads. India's new government says that the detonation of three underground nuclear devices yesterday is part of a policy to protect its territory from neighboring Pakistan and China.

India's Nuke Tests Rattle Neighbors

INDIA from Page 1

Beyond the regional impact, the Indian detonations could undermine international efforts to rid the world of nuclear weapons by further complicating implementation of a 1996 global treaty to ban atomic test explosions.

China, experts say, could reconsider its membership in the Comprehensive Test Ban Treaty (CTBT), while in the United States, the blasts could bolster conservative Republican senators determined to block ratification of the pact, one of President Clinton's top foreign-policy priorities.

"This [the Indian tests] runs counter to the effort the international community is making to promulgate a comprehensive ban on such testing," asserts White House spokesman Mike McCurry.

The explosions hold serious implications for US relations with India, the world's largest democracy. The Clinton administration is required by law now to impose economic sanctions on New Delhi, including a cutoff of all US bank loans, unless Congress objects. Such a cutoff could devastate the Indian economy, which experts say is already overextended and undercapitalized.

Furthermore, Mr. Clinton may also have to reconsider a visit to India scheduled for November. "It's impossible to tell what the impact is on the trip at this point," says Mr. McCurry.

The tests stunned world powers even though the Hindu nationalist Bharatiya Janata Party-led (BJP) coalition government had made it clear that it intended to push a nuclear-weapons policy in a bid to make India a major global military power. The move is also designed to strengthen domestic support for the BJP's fragile coalition, which was formed in March, analysts say.

The test blasts confirmed what was long suspected: India has been aggressively pursuing a clandestine atomic-weapons-development program since the 1974 detonation of a device that it has consistently contended was for peaceful purposes only.

"These tests have established

that India has a proven capability for a weaponized nuclear program," Brijesh Mishra, an aide to Indian Prime Minister Atal Behari Vajpayee, said in New Delhi after Mr. Vajpayee announced the explosions at a news conference.

Vajpayee said three devices were detonated at the Pokhara test facility in the western desert state of Rajasthan. They included a thermonuclear bomb, a much more complex and powerful device than that exploded in 1974.

Experts say the tests appeared aimed at confirming India's ability to build powerful nuclear payloads small enough to carry aboard missiles, including the Prithvi, an intermediate-range rocket that can reach virtually every city in Pakistan. India is also developing the Agni, a longer range rocket that could deliver warheads across much of Asia, including China and parts of the Middle East.

"These tests were devised to increase the yield-to-weight ratio drastically so they can put warheads on missiles," asserts Henry Sokolski, a former Pentagon official and director of the Non-Pro-

late measures for its security."

Islamabad has been pursuing a secret nuclear-weapons program, allegedly with Chinese assistance and thefts of Western technology, since its defeat in the 1971 Indo-Pakistan war. Experts believe it can quickly assemble as many as 25 nuclear weapons using uranium from an unsafe-guarded reactor.

Pakistan has been furiously countering India's missile development programs with those of its own. Last month, it tested a rocket capable of delivering a 700-kilogram warhead to a distance of 1,200 kilometers.

India and Pakistan, which are locked in a dispute over the northern Kashmir region, refused to sign the CTBT after it was approved by the United Nations and signed in 1996 by 149 nations.

The treaty, however, cannot go into effect until all 44 nations with nuclear reactors, including India and Pakistan, sign and ratify it. A special conference is to be held in September 1999 by those countries that meet the criteria to decide how to proceed with its implementation.

In the US, conservative Republicans led by Senate Foreign Relations Committee Chairman Jesse Helms (R) of North Carolina oppose ratification of the treaty and have dragged their heels on holding hearings on it.

Opponents argue the pact will undermine US national security by prohibiting periodic underground test explosions that they say are needed to ensure the reliability and safety of the American nuclear arsenal.

Some analysts say that opponents will seize on the Indian tests to obstruct ratification of the treaty.

"This could further strengthen Senator Helms's arguments for not moving quickly on the CTBT," says a congressional source.

The Clinton administration and the military services, however, insist that the reliability and safety of the stockpile can be ensured through a 10-year, \$45 billion program that employs computer simulation and other advanced technologies.

Giant Mergers Mean Larger But Fewer Corporations

MERGERS from Page 1

University of Michigan.

To understand the importance of what's happening to the US and world economy, consider just the merger deals announced in the last few weeks.

The \$67-billion Travelers Group-Citicorp nuptials announced April 6 is the biggest proposed merger corporate history. The melding of NationsBank and Bank America, announced April 13, would result in the country's biggest bank.

Within just the last few days, the Daimler-Benz-Chrysler deal would produce the world's fifth-largest auto maker. SBC Communications' proposed acquisition of Ameritech would be the biggest merger in communications history. In snapping up a fellow Baby Bell phone company, SBC would also go a long way toward reconstituting the old nationwide AT&T local phone system.

To some extent all these proposed deals are a leap into the unknown, points out Philip S. Garon, a partner at investment firm Paegre & Benson LLP in Minneapolis.

That's because the economy simply has no experience with such megadeals. The five biggest mergers ever have all been announced since last fall and are all still pending.

Right now "we have the most concentrated period of consolidation in history," says Mr. Garon.

The roaring stock market is one reason for the merger trend. Strong share prices provide many firms the cash to shop for someone to acquire, or join with.

If a firm wants to get bigger, points out Garon, is now much cheaper to buy somebody else's infrastructure and brand name than to start from scratch.

And right now lots of chief executive officers are indeed looking to get bigger. Many currently seem to accept a "winner-take-all" theory of economic competition, in which the falling of trade and regulatory barriers, combined with the speed of new information technologies, means the mature industries will be increasingly dominated by only a few firms.

In fact, a new book co-authored by George Mason marketing professor Raj Sisodia argues for the "rule of three," which holds that three giant firms will invariably end up with at least 60 percent of the market of mature industries.

Thus hamburgers are dominated by McDonald's, Burger King, and Wendy's. Nike, Adidas, and Reebok are the sneaker world's Big Three. Kellogg, General Mills, and Post make most of the breakfast cereal found on US supermarket shelves.

Not all analysts agree with the "rule of three" narrow strictures. The auto industry probably has room for five or six world producers, even though right now the globe has about twice as much auto production capacity as it needs.

But many agree that whatever the number, only a few firms will rule many economic sectors in the future.

"We might as well have [all US firms] merge together," says James Brock, a professor of management at Miami University, Oxford, Ohio. "It's starting to look like the centrally planned Soviet economy."

Professor Brock - a critic of many mergers - says lax antitrust enforcement is another reason for the trend. He says that the history of mergers shows that they actually result in few gains of efficiency or innovation. Ameritech was going to compete with SBC in products, says Brock. Now that battle likely won't happen.

The melding of cultures required by mergers - even those within the same industry - can be considerable, say other analysts. "What we have found in the past is that companies who planned long ahead for integration are the ones who have performed best," says Garon.

BIGGEST MERGERS INVOLVING US FIRMS

1. Travelers Group and Citicorp announce a merger April 6. Each company is valued at \$67.7 billion.
2. SBC Communications Inc. said yesterday it plans to buy Ameritech Corp. for \$62 billion.
3. NationsBank Corp. and BankAmerica Corp. announce a \$57.7 billion merger April 13.
4. Daimler-Benz announces plans May 7 to buy Chrysler Corp. for \$39.3 billion.
5. WorldCom Inc. agrees on Nov. 10, 1997, to buy MCI Communications Inc. for \$37 billion.

THE PRESIDENT HAS SEEN
5-20-98

THE WHITE HOUSE
WASHINGTON
May 18, 1998

MR. PRESIDENT:

Attached are the following weekly reports:

- (A) CEA Weekly Economic Briefing
- (B) Interest Rates and the Stock Market (CEA) and
Update on Emerging Markets (Treasury)
- (C) NEC Report
- (D) CEQ Report
- (E) Climate Change Report
- (F) OSTP Report
- (G) Emanuel Report
- (H) Communications Report
- (I) Public Liaison Report
- (J) Race Initiative Report
- (K) Cabinet Affairs Report
- (L) Political Report

Phil Caplan

Tab A: Entire report: Veller / COS
page 8: VP / COS

Tab C: Entire report: Sperling / COS

Tab D: Entire report: McGinty / COS

Tab E: Stern / COS

Tab F: Jones / Bowles

Tab G: Emanuel / COS

Tab H: Lewis / Specter / COS
Entire Report:

Tab I: Echaveste / COS

page 2:

Podesta / COS

Tab J: Winston / Matthews / COS

Tab K: Marshall / COS

Tab L: Smith / COS - (copy not xeroxed
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THE PRESIDENT HAS SEEN
5-20-98

1998 MAY 15 AMB:39

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

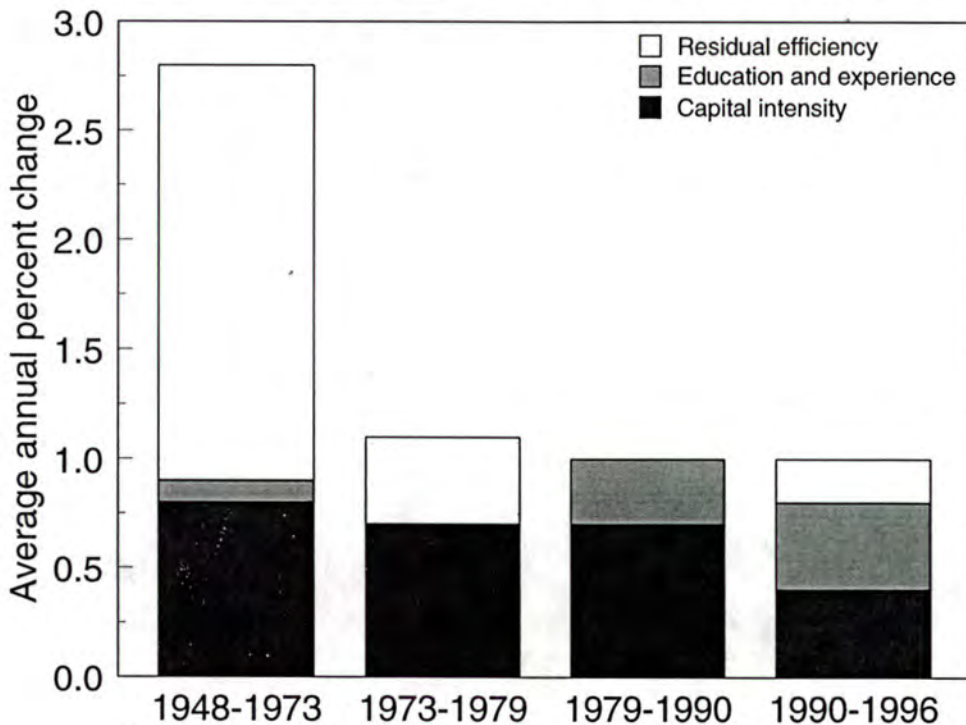
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

May 15, 1998

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entire report:
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page 8
VP
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CHART OF THE WEEK

Output per Hour in the Nonfarm Business Sector, 1948-96



Three factors contribute to growth in labor productivity: increased capital investment and utilization; improvements in the education and experience of the labor force; and residual efficiency gains (such as from new technology, economies of scale, or improved organization and management). New data from the Bureau of Labor Statistics show that capital has been a slightly less important source of growth and labor quality a slightly more important source in the 1990s compared with earlier periods. Efficiency gains, which dropped off sharply after 1973, continue to be relatively small, though they increased an encouraging 0.9 percent in 1996.

CONTENTS

MACROECONOMIC UPDATE

Economy Defies Forecasts of a Slowdown	1
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TRENDS

A Tale of Two Caseloads	2
More Work for Mothers	3

ARTICLE

China's Challenges	5
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DEPARTMENTS

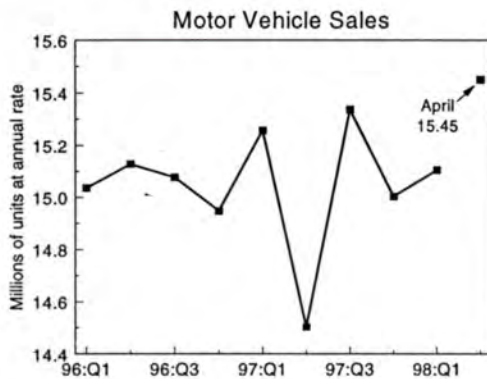
Business, Consumer, and Regional Roundup	7
International Roundup	8
Releases	9
U.S. Economic Statistics	10
Financial and International Statistics	11



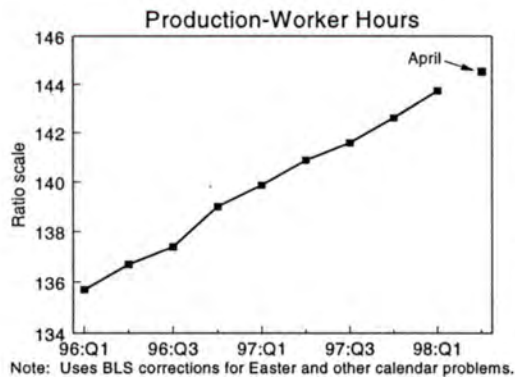
MACROECONOMIC UPDATE

Economy Defies Forecasts of a Slowdown

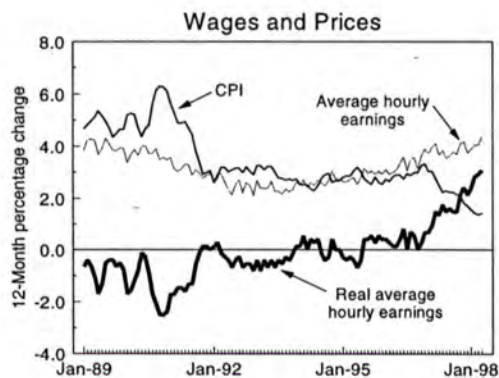
Although the economic forecasting community projected a slowing of demand—in part because of the Asian economic crisis—the latest data indicate continued strong growth.



Spending. Net exports *were* off sharply in the first quarter, but consumer purchases and business equipment investment filled the breach. Consumer spending continued strong in April. Sales of light motor vehicles rose to 15½ million units at an annual rate—noticeably higher than the average pace of the past 2 years (see upper chart). Non-auto retail sales also began the second quarter with a sizable increase.



Jobs. The labor market shows the clearest signs of continuing growth. Unemployment insurance claims remain very low, production-worker hours posted a strong gain in April (see middle chart), and last month's 4.3 percent unemployment rate is well below the first-quarter average.



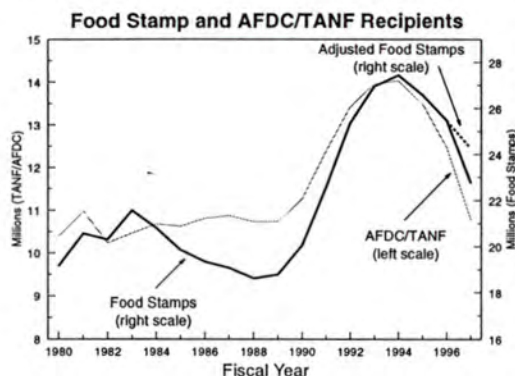
Inflation and wages. Despite the tight labor market, inflation has edged down over the past year, in part because import prices have fallen sharply. Wages, by contrast, have accelerated. Together, rising nominal wage gains and falling price inflation have produced a dramatic acceleration in real wages—to 2.9 percent over the past year (see lower chart). These large increases in real wages, along with recent hefty job gains, stand behind the momentum in consumer purchases. Thus far, the growth in real wages has been largely supported by a pickup in productivity growth, but further gains in real wages might have to come at the expense of profits.

TREND

A Tale of Two Caseloads

At first glance, food stamp caseloads and welfare caseloads appear to have experienced a similar decline since 1994. But a closer look reveals a divergence in the two trends.

The trends. The number of Americans on food stamps fell by over 4.6 million between 1994 and 1997, while the number on AFDC/TANF fell by 3.3 million (see chart).



But more than half the reduction in food stamp recipients occurred between 1996 and 1997, when an estimated 1.5 million immigrants and childless adults lost eligibility. Adjusted for this eligibility change, the number of food stamp recipients fell by 12 percent between 1994 and 1997, compared with a 23 percent decline in AFDC/TANF. What can we make of this difference?

“Excess” food stamp recipients. A CEA analysis of state AFDC and food stamp caseloads finds that there were about 1.4 million more food stamp recipients in 1997 than expected based on economic conditions and the historical relationship between food stamps and AFDC. Are these “excess” food stamp recipients people who would be receiving cash welfare in the absence of reform? The data do not allow a precise answer, but an earlier CEA analysis offers some clues.

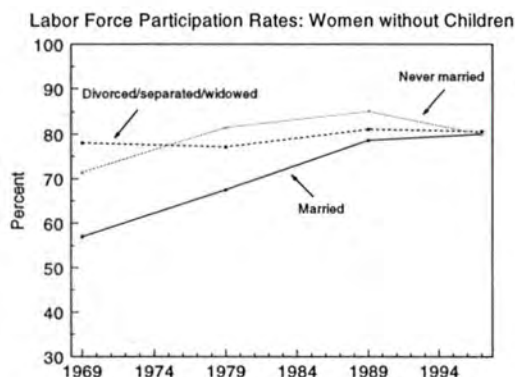
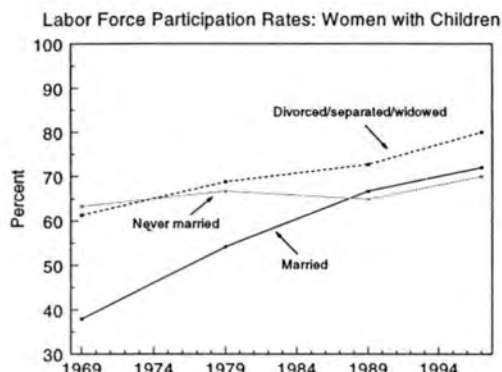
That study found that state waivers accounted for about a third of the decline in the AFDC caseload between 1993 and 1996, or about half a million recipients. The number of AFDC/TANF recipients fell an additional 1.8 million between 1996 and 1997. Given the importance of the 1996 legislation, it is likely that at least one-third of the 1996-97 decline is also the result of welfare reform. This suggests that state and Federal reform efforts reduced the number of AFDC/TANF recipients by between 1.1 and 2.3 million between 1993 and 1997. The estimated 1.4 million excess food stamp recipients falls in this range.

Implications. Though far from definitive, these findings are consistent with the hypothesis that the great majority of those who are not on TANF as a result of welfare reform are receiving food stamps. The implication would be that the decline in the welfare caseload has been accompanied by neither complete independence from public assistance nor a fall through the safety net.

TREND

More Work for Mothers

The labor force participation rate of women with children rose dramatically during the 1990s, while that for women without children changed little. Nevertheless, rates for mothers remain below those for women without children.



Trends among mothers. Married women with children under age 18 have steadily increased their labor force participation since 1969, as have divorced, separated, and widowed mothers—particularly since 1989 (see upper chart). But the experiences of never-married mothers and mothers with young children have been the most notable.

- After changing little from 1969 to 1989, the labor force participation rate of never-married mothers increased strongly in the 1990s.
- Among women with children under age 6, the labor force participation rate of married mothers rose 6 percentage points between 1989 and 1997; that of divorced, separated, and widowed mothers rose 14 percentage points; and that of never-married mothers rose 15 percentage points.

These trends are in sharp contrast with those of women without children (see lower chart), which have shown no rise over the 1990s. The labor force participation rates of all three groups of women without children converged to 80 percent in 1997.

Reasons for these trends. Largely driven by policy changes, the direct returns to work increased in the 1990s, especially for low-wage women with children. In particular, between 1989 and 1997, the real value of the maximum Earned Income Tax Credit available to a single mother with two children rose by 210 percent and the real value of the minimum wage rose by 19 percent. Together, these increased the real earnings (in 1997 dollars) of a mother with two children working full-time, full-year at the minimum wage from \$9,856 in 1989 to \$13,956 in 1997, a 42 percent increase.

A second factor leading to greater labor force participation by mothers is the decline in their access to non-earned income. For example, men's earnings have always been

an important source of income for mothers, but the earnings of less-skilled men have fallen sharply since 1979. Cash public assistance support for single mothers has also declined steadily over the past two decades and welfare reform has increased the push for single mothers to enter the labor force. Recent increases in the availability of child care subsidies for mothers working at low wages might also be important, as might the expansion of Medicaid to all young children in low-income households (making it less important that low-wage jobs tend not to offer health insurance). The only offsetting trend is increases in child support orders and collections, which should decrease female labor supply, all else equal.

Conclusion. Labor force participation among single mothers, especially those with preschool children, has risen sharply in the 1990s. However, these women's labor force participation rates are still well below the labor force participation rates of childless women, suggesting that further increases may occur.

ARTICLE

China's Challenges

In March of this year, Premier Zhu Rongji detailed Beijing's reform plans for the Chinese economy. These involve substantial modernization of state enterprises, an overhaul of the banking system, and a reorganization of the government. Premier Zhu's objective is to achieve growth of at least 8 percent per year.

Modernization of state-owned enterprises. State-owned enterprises suffer from poor management, bloated payrolls, old technology, and the burden of providing all social services—health care, housing, education, and pensions—for their employees. These enterprises now account for just 35 percent of industrial output, but they are still the most important provider of better-paying urban jobs. However, about 40 percent of these enterprises reported losses in 1997. The reform strategy has been described as “keep the large and let go of the small.” In this approach, the central government focuses its support and supervision on a limited number, 512, of the largest enterprises. The remaining 90,000 smaller industrial enterprises will be reformed through a variety of means including mergers, bankruptcies, conversion into share-holding firms, leases, and sales. A crucial goal of the reforms is to create a system in which managers are held responsible for the success of their firms.

Overhaul of the banking system. A system of directed lending has made the banking sector the primary conduit for funding the thousands of state-owned enterprises. With collapsing profits at these enterprises, the banking sector is, from a western perspective, overloaded with non-performing loans—reportedly in excess of 20 percent of total bank lending. This January, China's banks were given a mandate to make lending decisions based on conventional commercial banking principles. This transition may occur with great difficulty because bankers lack expertise in judging the risks associated with lending to many enterprises.

Reorganization of the government. The central government reorganization announced in March trims the number of central government ministries and state commissions from 40 to 29. Media reports indicate that several million workers, including white-collar workers, are likely to lose their jobs. These reforms are intended to create an institutional structure appropriate for a “socialist” market economy, reduce government interference in enterprise management, minimize opportunities for corruption, and lower government costs.

Unemployment and growth. Maintaining a minimum growth rate of 8 percent is thought necessary in order for China's economy to create jobs for workers who become unemployed as a consequence of the reforms. In recent years, China has grown faster than the 8 percent target, but growth has fallen steadily from 14.2 percent in 1992 to 8.8 percent last year. The Chinese government reports unemployment at less than 4 percent but growing. And according to unofficial estimates the unemployment rate in urban areas exceeds 9 percent. Much of the

differential is accounted for by substantial unemployment among the “floating population”—individuals residing in urban areas who are not official urban residents. As the reforms of government and state-owned enterprise are carried out, the unemployment problem will likely increase. During the next 3 years, enterprise reforms could yield up to 10 million layoffs, and government streamlining could cut another 4 million jobs. The Chinese are planning significant investment in housing and other infrastructure—transportation, communications, and the environment—to help achieve the target 8 percent annual growth rate.

Impact of the Asian crisis. Although a heavily restricted international trade and portfolio investment regime has largely shielded the Chinese economy from the Asian crisis, it may nonetheless have had a visible impact on exports and the reform process.

- The appreciation of the renminbi relative to other Asian currencies is consistent with the drop in export growth in the first quarter of 1998. Export growth in the first quarter of 1997 exceeded 25 percent.
- The crisis has weakened China’s interest in the Korean *chaebol* system as a model conducive to long-term growth.
- The crisis may have heightened China’s apprehensions about the risks of opening up its economy to financial capital flows. However, foreign direct investment is viewed as a key contributor to market reform.

Conclusion. The nature of the Chinese system makes reform extraordinarily difficult. Piecemeal reform of the system is nearly impossible, because the different parts are so interrelated. Although many observers are skeptical that the ambitious reform program can be completed in the near term, the CEA was impressed during a recent trip to Beijing with the determination of top policymakers to see these reforms succeed.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Fed Districts Report Moderate to Strong Growth. Economic growth generally continued to be moderate to strong in March and April, according to reports from Federal Reserve districts in the summary of commentary on current economic conditions (the Beige Book). Expansion was occurring in nearly all districts, although Dallas reported some recent signs of slowing growth amid basically strong regional economic conditions, and Minneapolis noted some weakening of business activity in parts of that district. Consumer spending was generally robust in all regions of the country. Manufacturing activity advanced. Real estate markets were generally strong. Agricultural conditions were mixed, as was lending activity. Activity has eased in oil drilling and mining. Labor markets continued to be tight. There was some evidence of increased wage pressures in service industries and for computer and technical professionals. Despite increases in labor costs, business contacts indicated that competitive pressures were holding prices in check for most goods. Some increases in service prices were noted, however, in the Dallas and San Francisco districts.

Study Finds Low Wages, High Turnover in the Child Care Profession. Despite a major public investment in the U.S. child care system over the past 9 years, wages for child care workers have increased only slightly, and job turnover remains high, according to a new study from the Center for the Child Care Workforce. This analysis of data from child care centers in five metropolitan areas in 1988, 1992, and 1997 found that the real average hourly wage of the highest-paid teacher at each center studied increased by 14 percent to about \$10.85 between 1988 and 1997. However, the real average hourly wage of the lowest-paid teacher at each center increased by less than 2 percent and, at \$7.50, corresponds to an annual salary just slightly above the poverty level for a family of three. The average real wage for teaching assistants remained virtually stagnant between 1988 and 1997 at a level that would produce an annual salary below the poverty level for a family of three. Turnover was high in each of the 3 years, and the data from 1997 show that 31 percent of the staff in the centers studied had left their jobs in the previous year. Turnover was highest among the lower-paid staff and in the lower-paying centers. High turnover is a common feature of low-wage industries, but it may be of more concern in child care to the extent that children suffer adverse effects from frequent changes in their care givers.

Hiring Outlook Good for New College Grads. Employers expect a 27.5 percent increase in job openings for college graduates in 1998, according to the 27th annual Recruiting Trends survey from Michigan State University. This year's survey of 477 employers indicate that average starting salaries for new college graduates hired in 1997-98 will be 3 to 5 percent higher than in 1996-97. Among those graduating with bachelor's degrees, the academic major with the highest estimated average starting salary is chemical engineering (\$44,557). Liberal arts, social science, and education graduates can expect offers of less than \$25,000. The estimated starting salary is \$44,666 for MBAs, \$43,645 for master's degrees, and \$58,109 for Ph.D.s.

INTERNATIONAL ROUNDUP

U.S. Import Prices Continue to Fall. U.S. import prices edged down last month by 0.1 percent, due to the continued decline in nonpetroleum import prices. April was the sixth consecutive month of declining import prices. Prices of petroleum imports rose by 2.5 percent, after falling sharply for 5 months. Petroleum import prices are now a quarter lower than they were a year ago. Prices of imports from Japan resumed a 3-year downward trend, falling by 0.4 percent in April and 4.3 percent in the past 12 months. The index of import prices from the Asian newly industrialized countries, which has posted declines of 0.5 percent or more in 10 of the past 12 months, was down 1.0 percent in April and 7.8 percent over the past year.

DOE Outlook Projects Higher World Energy Consumption. Between 1995 and 2020, world energy consumption is projected to increase by 75 percent, according to the Energy Information Administration's 1998 *International Energy Outlook*. Much of this projected growth is attributed to expectations of rapid increases in energy use in the developing world—especially in Asia. The recent economic downturn has lowered expectations for near-term growth in developing Asia, but the forecast sees almost half of the growth in world consumption between 1995 and 2020 coming from that region. By 2020, energy consumption in developing Asia is projected to surpass that of all North America by more than 36 percent. Should world energy consumption reach the projected level, annual carbon emissions in 2020 are projected to be 81 percent higher than 1990 levels. Almost four-fifths of the increment in world carbon emissions between 1990 and 2010 is expected to come from the developing countries, and their emissions are expected to be nearly equal to those of the industrialized countries by 2010. These projections are based on current laws and regulations and do not reflect the Kyoto Protocol, which could profoundly affect energy consumption if it were fully implemented. For example, if industrialized countries were to rely exclusively on reduced fossil fuel consumption to meet their emissions targets, their total energy consumption would have to be on the order of 15 to 23 percent lower in 2020 than is being projected in this report. However, the expectation is that with fuel-switching opportunities, emissions trading, and other offsets allowed under the Protocol, such as reforestation, a more modest reduction would be needed.

Parental Leave Entitlements Reduce Mortality during Early Childhood. A new study of nine western European countries found that the duration of job-protected paid parental leave programs had a significant impact on the death rates of infants and young children. The study examined data from 1969 through 1994, a period during which time each of the countries studied enacted substantial changes in their leave policies. The study found that, for children between 28 days and 1 year of age, an additional 10 weeks of parental leave decreased mortality by about 5 percent. For children between ages one and five, an extra 10 weeks of leave reduced mortality by about 3 percent.

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RELEASES THIS WEEK

Industrial Production and Capacity Utilization

****Embargoed until 9:15 a.m., Friday, May 15, 1998****

The Federal Reserve's index of industrial production increased 0.1 percent in April following an increase of 0.3 percent in March. Capacity utilization fell 0.3 percentage point, to 81.9 percent.

Consumer Price Index

The consumer price index rose 0.2 percent in April. Excluding food and energy, consumer prices increased 0.3 percent.

Retail Sales

Advance estimates show that retail sales rose 0.5 percent in April. Excluding sales in the automotive group, retail sales also rose 0.5 percent.

Producer Price Index

The producer price index for finished goods increased 0.2 percent in April. Excluding food and energy, producer prices also increased 0.2 percent.

MAJOR RELEASES NEXT WEEK

Housing Starts (Tuesday)

U.S. International Trade in Goods and Services (Wednesday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1997	1997:3	1997:4	1998:1
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	3.7	3.1	3.7	4.2
GDP chain-type price index	5.4	1.8	1.4	1.4	0.9
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	2.1	3.6	1.4	0.2
Real compensation per hour:					
Using CPI	0.6	2.2	1.8	3.1	3.5
Using NFB deflator	1.3	2.5	2.7	3.9	3.1
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.5	10.7	10.6	10.8
Residential investment	4.5	4.1	4.1	4.1	4.2
Exports	8.2	11.8	11.9	11.9	11.5
Imports	9.2	13.1	13.3	13.2	13.0
Personal saving	5.3	2.8	2.6	2.9	3.1
Federal surplus	-2.7	-0.4	-0.1	-0.1	N.A.
	1970- 1993	1997	Feb. 1998	March 1998	April 1998
Unemployment Rate	6.7**	4.9**	4.6	4.7	4.3
Payroll employment (thousands)					
increase per month			259	-24	262
increase since Jan. 1993					15246
Inflation (percent per period)					
CPI	5.8	1.7	0.1	0.0	0.2
PPI-Finished goods	5.0	-1.2	-0.1	-0.3	0.2

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

New or revised data in **boldface**.

FINANCIAL STATISTICS

	1996	1997	March 1998	April 1998	May 14, 1998
Dow-Jones Industrial Average	5743	7441	8709	9037	9172
Interest Rates					
3-month T-bill	5.01	5.06	5.03	4.95	5.04
10-year T-bond	6.44	6.35	5.65	5.64	5.67
Mortgage rate, 30-year fixed	7.80	7.60	7.13	7.14	7.19
Prime rate	8.27	8.44	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level May 14, 1998	Percent Change from	
		Week ago	Year ago
Deutschemark-Dollar	1.782	1.0	4.8
Yen-Dollar	134.2	0.9	13.4
Multilateral \$ (Mar. 1973=100)	99.85	1.0	5.1

International Comparisons ^{1/}	Real GDP growth (last 4 quarters)	Unemployment rate	CPI inflation (last 12 months)
United States	3.6 (Q1)	4.3 (Apr)	1.4 (Apr)
Canada	4.2 (Q4)	8.5 (Mar)	1.0 (Mar)
Japan	-0.2 (Q4)	3.9 (Mar)	2.2 (Mar)
France	3.0 (Q4)	12.1 (Mar)	0.8 (Mar)
Germany	2.3 (Q4)	^{2/} 7.6 (Feb)	1.1 (Mar)
Italy	2.8 (Q4)	12.1 (Jan)	1.7 (Mar)
United Kingdom	2.8 (Q1)	6.4 (Mar)	3.5 (Mar)

^{1/}For unemployment data, rates approximating U.S. concepts as calculated by the U.S. Department of Labor, Bureau of Labor Statistics.

^{2/}Rate for former West Germany. Using OECD standardized unemployment data, the unemployment rate for unified Germany for February 1998 is 9.7 percent.

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May 18, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING
RE: NEC WEEKLY REPORT
cc: ERSKINE BOWLES

Mergers and Business Concentration: As you know, the NEC is undertaking a broad review of mergers and business concentration, in an effort to better understand the recent wave of domestic and global mergers and alliances. Separate from mergers, we may also look at activities -- e.g., in computers and airlines -- that raise potential competition policy/antitrust concerns. As a first step, I have scheduled a two-hour meeting with a small group of principals (CEA, OMB, Treasury, Commerce, Labor and Transportation). CEA is preparing a background paper on mergers (recent trends, causes and consequences), corporate concentration, and the changing philosophy of antitrust enforcement. In addition, I have asked Secretaries Rubin, Daley and Slater to discuss whether they see problems in the industries they oversee.

H-1B: This week, both the Senate and the House will take action on legislation to increase the number of temporary visas for foreign "specialty" workers. This Monday (5/18), the Senate will began voting on a bill introduced by Senator Abraham. The Administration strongly opposes this bill because it does not provide adequate protections for U.S. workers. (In fact, the Secretary of Labor would recommend a veto of the current bill.) On Wednesday (5/20), the House Judiciary committee will markup a bill introduced by Rep. Lamar Smith that the Administration would support if it also included a training component and a smaller increase in the number of visas.

✓ **High Hopes for College:** We had a good breakthrough in our negotiations with Sen. Jeffords. He would like to fold High Hopes into the program he created in 1992, and is willing to give up on any requirement that the grants go through states--this was the major sticking point. While there are other important details to work out, I am optimistic that we can have a reasonable approach in the Senate, which when conferenced with our proposal in the House, will be a real victory.

America Reads: Last Wednesday (5/13), the Senate Labor & Human Resources Committee unanimously approved its version of the House-passed reading legislation. (As you know, this needs to be enacted by July 1 or the \$210 million advance appropriation goes to special education). The bill focuses more on teacher training than on tutoring (this is consistent with the latest research, but not with our original proposal). A trigger was also included, allowing

funding for reading *only if* funding for IDEA is increased by at least \$500 million. While problematic, the trigger may help to move the bill along quickly on the Senate floor. We also have now reached 1,000 colleges participating in your work-study challenge.

Securities Litigation: As you know, the Administration supported a version of the Securities Litigation Uniform Standards Act negotiated with the Senate Banking Committee by the SEC, provided that promised legislative history is included. Last Wednesday (5/13), the Senate passed the bill in the form we support by a vote of 79-21. Senators D'Amato and Dodd provided a superb colloquy that indicated that: (1) the new act would make applicable to all cases the standards adopted in the 1995 Act; (2) the 1995 Act did not change the pleading standard that was in place in the second circuit before its passage; and (3) if the Supreme Court determines otherwise, they will introduce legislation to reverse that result. Sally Katzen met with Rep. Eshoo, sponsor of the House counterpart bill, who agreed to support inclusion of the changes negotiated by the SEC in the Senate. There will be a House hearing this week, followed quickly by mark-up. We plan to work with House members to ensure that the version adopted in the House does not vary from the Senate version and that no adverse legislative history is offered.

Financial Modernization: Although the Administration supports true financial modernization legislation, we opposed the Republican leadership's version of H.R. 10, as presented to the House last Wednesday (5/13). A vigorous lobbying effort by Treasury Secretary Rubin failed by only one vote to block passage. Support from a block of Democrats led by Commerce Committee Ranking Member Dingell made up for significant Republican defections, producing a 214-213 vote. A LaFalce amendment, which Rubin characterized as "significantly improving the bill," failed. With such a close vote, most commentators, including key Senators and Senate aides, think the odds of Senate consideration this year are slim to none, although D'Amato did promise hearings. If the Senate does move legislation, we will work with them to see if they can produce a bill that better meets your objectives.

Bankruptcy: The Senate postponed its mark-up of consumer bankruptcy law until later this week, but the House finished a three-day mark-up on Thursday (5/14) and plans to bring its bill to the floor this week. The first day was largely devoted to failed efforts by Democrats to improve the provisions making certain credit card debt nondischargeable in bankruptcy, thus elevating them to the same status as child support and alimony obligations. Your radio address and the First Lady's column were widely cited at the hearing and in press reports. Republicans argued that, with certain amendments that were adopted, the House bill now adequately protects the priority of child support and alimony. DoJ is assessing these amended provisions, but on first blush, it does not appear that they go far enough to address the child support concern.

The most significant change to traditional bankruptcy law represented by the House bill would be the elimination of the right to a "fresh start" that all debtors enjoy today, by requiring that debtors above 100% of median income, with the ability to repay 20% of their debts, be barred from Chapter 7. In a letter to the House and Senate, DoJ said that the Administration supports requiring debtors who have the ability to repay a portion of their debts to do so, but fears that the

5-20-98

approach taken in the House bill is far too rigid and formulaic. We will prepare a SAP for the House floor and work with the Senate Judiciary Committee to improve their measure; however, we expect to have the greatest influence on the Senate floor and in conference.

Product Liability: As you recall, we have reached agreement with Senator Rockefeller on product liability legislation that reflects the Administration's "bottom line." While we have had discussions on technical issues, we have not agreed to any substantive changes. There is a big split within the business community: Larger firms think there is too little for them in the Rockefeller bill, while small businesses are eager to take what they have gained. If the Republicans agree with big business, they may not move the whole bill we have been working on but rather push the biomaterials title of the bill separately.

Internet Tax Freedom Act: Last Thursday (5/14), the House Commerce Committee passed the Internet Tax Freedom Act 41-0. This version of the bill had a 3-year moratorium, and a commission to address taxation on electronic commerce and remote commerce. Although the Internet industry and the state and local groups continue to fight over some of the details of the bill, neither side attempted to block the markup. The House Judiciary Committee has sequential referral, and it is not clear whether they will use the Commerce Committee draft as a vehicle, or start over. We have asked Treasury to review the bill as passed by the House Commerce Committee.

Regulatory Reform: Last Friday, Sally Katzen, Katie McGinty, and Jack Lew met with representatives of the Business Roundtable on the Levin-Thompson Regulatory Reform Bill. The moderates in the business world are very interested in moving the bill. They told Sally, Katie, and Jack that well over a third of our suggested changes were acceptable and another third "fixable". We will continue our discussions without, at this time, providing momentum to the bill.

State/Local Sanctions Case: The NEC held a deputies meeting last week to continue consideration of the Administration's response, if any, to the filing of litigation by the business community against a Massachusetts statute imposing sanctions against companies doing business with Burma. The suit alleges that the statute unconstitutionally interferes with the federal government's foreign policy authority. The court may ask the federal government to intervene. Deputies agreed we should not formally intervene, but some agencies wanted to leave open the question whether we should make an informal statement speaking to the effect of state and local sanctions generally. Other agencies opposed this. State was asked to draft a statement for further Deputy consideration.

I want to be
involved by the
final election



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

May 15, 1998

THE PRESIDENT HAS SEEN
5-20-98

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entire report:
McGinty
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MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE BOWLES

FROM: KATHLEEN A. MCGINTY *WPM for KAM*

SUBJECT: CEQ WEEKLY REPORT

PROTECTING COMMUNITIES FROM TOXICS

Children's Health / Pesticide Regulation

On Monday, May 18, an environmental organization, the Environmental Working Group, is expected to release a report criticizing EPA for not canceling pesticides under the Food Quality Protection Act (FQPA) more aggressively. The report is intended to be a counterweight to the broad complaints registered by industry, agriculture, and Members of Congress (particularly Democrats from rural Districts) about EPA's implementation of the law, and focuses on risks to children. In response to those complaints, the Vice President has issued a memorandum to Administrator Browner and Secretary Glickman in early April that revamped the FQPA implementation process and initiated a new round of consultation with affected constituencies.

Superfund Funding

Because Congress has failed to pass an acceptable Superfund reauthorization bill by today, May 15, there will be a loss of an increase in spending on toxic waste cleanups of \$650 million. This loss in funding is triggered by a provision in the VA/HUD Appropriations bill for FY 1998 that had conditionally provided this money beginning October 1, 1998.

✓ On Monday, Vice President Gore is scheduled to release the list of sites where cleanup may be delayed by this loss of funding and to submit to Congress an Administration budget amendment that would restore the money notwithstanding reauthorization legislation. The Vice President will be joined by Mayors and concerned Members of Congress for the announcement.

Despite Administrator Browner's efforts to broker a compromise, Republicans have rejected to the improvements that would be required for an acceptable bill. The Senate bill opposed by the Administration has been reported by the Environment Committee on a party-line vote. The House has not reported a bill from Committee.

RESOURCE STEWARDSHIP

American Heritage Rivers

The expert advisory committee that you appointed met this week to discuss the 126 American Heritage River nominations. The committee was very enthusiastic about the initiative. One of the most common statement the committee made was how difficult it will be to choose only 10 rivers out of so many promising options. Although the committee made considerable progress, the many meritorious nominations caused the committee to decide to hold another meeting in the next few weeks for further deliberation. After that meeting, they will present to you a final list of recommended rivers, after which you will make your final selections.

Preble's Meadow Jumping Mouse

On Tuesday, Secretary Babbitt announced that the Preble's Meadow Jumping Mouse will be listed as a threatened species. The mouse's habitat exists along the front range of the Rockies and is affected by development in this increasingly popular area of Colorado and Wyoming. The U.S. Fish and Wildlife Service is working with the states to develop interim protections until a comprehensive Habitat Conservation Plan is created.

Under the ESA, the Secretary is granted broad regulatory discretion to fashion additional flexibility in managing a species' recovery while accommodating local conditions. ESA regulations will allow continuation of existing land uses along streams within designated protection areas as long as some restrictions are observed.

INTERNATIONAL LEADERSHIP

G-8 Forest Action Program

✓ On Monday, foreign ministers of the G-8 and representatives of the European Commission announced their approval of the G-8 Forest Action Program. The plan will help to manage and conserve forests in G-8 countries and around the world in ways that are sustainable and will reflect environmental, ecological, social and economic values.

(At last year's G-8 Summit in Denver, you, along with other leaders, agreed to develop the Action Program, initiated by the U.S., and called for a progress report. Fulfilling that pledge, Secretary Albright and our fellow G-8 foreign ministers published the Forest Action Program and committed ourselves to its implementation. Here in the U.S., the federal government will work closely with interested domestic groups, including environmental, business, and labor organizations and the States, to implement elements of the Action Program.

THE WHITE HOUSE

WASHINGTON

May 16, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
SUBJECT: Climate Change Weekly Report

Domestic

Good

Economics. CEA has almost completed an analytic document to back up and provide the underpinning for the congressional testimony Janet Yellen has presented two or three times on the economics of the Kyoto Protocol. CEA has done a very good job on this document and I think it will help us answer critics on the Hill and elsewhere who attack us either for not having presented enough backup or for promoting a policy that will break the bank.

NAHB. The Vice President followed up your successful event with a speech to around 700 members of the National Association of Home Builders at their annual meeting here in Washington. It went quite well. The NAHB is very charged up.

Good

Industry consultations. We are engaged in preliminary consultations with a number of energy-intensive industries, including steel, aluminum, cement, pulp and paper, electric utilities and refineries. In the very near term, we will be taking these consultations to a more senior level, and extending them to other key sectors. Our general aim in all of these cases is to secure an agreement with the given industry to monitor and inventory their emissions; do a bottoms-up review of their energy practices; establish a stretch goal for emissions reductions; and prepare an action plan for achieving the goal. At the same time, we will be looking for their suggestions on ways the federal government can help, by removing barriers, providing regulatory flexibility, etc. We will be aiming for some very positive commitments by early fall, which could be announced in a White House meeting between you, the Vice President and the leading CEOs from the sectors involved.

Good

Congressional

On Wednesday, Janet Yellen and Stu Eizenstat testified before the House International Relations Committee on Kyoto. The hearing was sparsely attended and little new occurred. Both were pushed to elaborate on the potential economic effects of the treaty and the details of implementation. Also in the House, Cong. Knollenberg (R-MI) introduced a bill mandating that no monies be expended to implement any aspect of the Kyoto Protocol, or to implement regulations limiting CO2 emissions, prior to ratification of the treaty or passage of a law granting such authority. Senator Ashcroft (R-MO) introduced identical legislation in the Senate. We also

THE PRESIDENT HAS DEC
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continued to meet with staff and Members in both Houses in support of our climate change budget initiatives, and to address specific concerns of the agricultural sector.

Communications

The new Pew Center ran their first set of ads on Wednesday in the *New York Times*, *Washington Post* and *Wall Street Journal*. They were nearly full page and very impressive. The next day the *Post* editorialized on the ads, commending the companies that signed on. We have prepared draft letters to the CEOs for your signature when you get back.

On Monday, the *Washington Post* ran a lengthy front page story on a team of scientists studying the Arctic ice formation --the heat sink for the Northern Hemisphere --to understand why it is shrinking and the connection to global warming. On Tuesday, NPR did a piece on energy efficient housing in the D.C. area and referenced the PATH announcement.

cc: Vice President
Erskine Bowles
John Podesta
Ron Klain
Katie McGinty
Gene Sperling
Jim Steinberg
Janet Yellen



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

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May 15, 1998

THE PRESIDENT HAS SEEN
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MEMORANDUM FOR THE PRESIDENT

FROM: KERRI-ANN JONES *KA Jones*
CC: ERSKINE BOWLES
SUBJECT: OSTP WEEKLY REPORT

U.S. AND EGYPT TO COOPERATE ON BIOTECH AND INFOTECH

On May 2-4 I attended the Cairo meeting of the U.S.-Egypt Partnership for Economic Growth and Development, led by Vice President Gore and President Mubarek. I reported on activities under the Partnership's Subcommittee on Technology, which is co-chaired by DOC and OSTP. While in Cairo, I also held a number of consultative meetings with USAID, the Egyptian Minister of Higher Education and Scientific Research, the Minister of Agriculture, and the U.S. Embassy, Cairo. Priorities for future activities under the Partnership include meeting the technology needs of industry, harmonizing standards, promoting research entrepreneurship, and promoting international research collaboration. Initial areas of emphasis will be biotechnology and information technology. These priorities and areas of emphasis will be integrated with USAID mission plans to ensure implementation.

OUTREACH CONTINUES ON CLIMATE SCIENCE AND TECHNOLOGY

The 15th regional workshop in the OSTP-USGCRP series on Regional Climate Change Impacts was held in the Upper Great Lakes Region last week, May 5-7. Approximately 120 people, including representatives from Illinois, Minnesota, Wisconsin, and Michigan, participated in the discussions. One major issue addressed in the discussions was the potential for water levels in the Great Lakes to drop and competition for water to increase if, as predicted, the long-term forecast for the region is for hotter and drier summers and wetter winters.

John Holdren, chair of the PCAST energy R&D study, and Rosina Bierbaum, OSTP's Acting Associate Director for Environment, spoke with Representatives Rivers, Boehlert, and Minge, and staff of the Appropriations Committees in support of the 1999 energy R&D budget request and the soundness of climate science. Holdren presented the results of the PCAST study to a standing-room only crowd at a seminar organized by the Environmental and Energy Study Institute. James Woolsey, former Director of the CIA, also made a presentation that emphasized the important connections between energy policy and national security, particularly the issue of reducing our oil dependence through the use of liquid fuels from biomass.

THE PRESIDENT HAS SIGNED

5-20-98

CONGRESSIONAL ACTION ON THE FARM BILL GOOD NEWS FOR SCIENCE

✓ In addition to providing for crop insurance and food stamps for legal immigrants, the Farm Bill's mandatory administrative savings from the food stamp program will be used for a new competitive grants program of \$120 million per year for 5 years. I appreciate your statement commending the Senate's approval of the conference report for this bill, and I hope you will continue to highlight this important investment in research for the future when you are asked to comment on the significance of the legislation.

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THE WHITE HOUSE
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May 18, 1998

MEMORANDUM TO THE CHIEF OF THE STAFF
FROM RAHM EMANUEL
SUBJECT WEEKLY REPORT

CRIME/DRUGS: On Sunday the FBI released the crime statistics for the first six months of 1998. The numbers show a drop of 4% in the over-all crime rate and a 5% drop in violent crime. This is the sixth year in a row that crime has dropped and it is unprecedented. I taped a statement for NBC, ABC, CBS, and CNN for their Sunday evening news cast. My basic message was that these are positive numbers, but not good enough; we need to crack down on gangs and guns to make real long term progress.

Although the GOP has not received any coverage for their anti-drug activities, I believe they will eventually receive credit for their cumulative work. I am looking for ideas on drug issues for the President to announce over the next month. I have also suggested that General McCaffrey speak at the Wednesday tobacco event on the relation between youth smoking and drug use.

Later this month the Administration is announcing the grants for 2,500 police officers to go to cities that have a new anti-gang program. I have asked that the President be involved in such an announcement. As I mentioned to you the other day, we are facing problems in our relations with cop groups in general and the FOP especially. Such an event would go a long way towards smoothing over our problems.

In addition to this event, I have asked Gene to reserve a slot at one of our retirement savings events for a police representative. The unions really care about this issue and we could help them with their members on this issue. Jose Cerda is developing a whole agenda for the administration to deal with the new estrangement between the White House and Police groups.

TOBACCO: I worked with the Washington Post on a story for this past weekend which characterized our discussions with Senator McCain and others. The basic message is that the agreement enacts the President's five principles and makes comprehensive anti-youth smoking feasible. The answer to the question on \$1.50 per pack is that our budget calls for \$1.10, but if the Senate passes a \$1.50, all the power to them.

I have attached a copy of a survey for the American Cancer Society. The survey shows the depth and level of support for a tobacco deal by the public.

POLITICS: The President has asked us to take another run at our over-all strategic plan for the next six months leading into November. Mark Penn, John Podesta, Doug Sosnik, Paul Begala, and Ann Lewis and I met on Wednesday to review Mark's poll and the targeted districts. I think by the time the President returns we should have the outlines of a six month strategy and game plan on how to proceed.

FOREIGN POLICY: As I expressed all week to you, I do not think the President's remarks and the Administration's actions are keeping up with the fast pace of the current events in India and Indonesia. I understand that developing and implementing policy is a slow process, but given the magnitude of these events I think that we should act accordingly. The President's voice, agenda, and policy initiative are all missing the target.

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May 15, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: ANN LEWIS AND STACIE SPECTOR
SUBJECT: COMMUNICATIONS WEEKLY REPORT

Event Coverage

- During your trip to Europe, the Vice President carried the message events at home. The Vice President's announcements included: calling on the Congress to adopt the .08 blood alcohol level for drunk drivers in the final highway bill; an announcement of the Administration's comprehensive privacy plan at New York University's commencement exercises; and proposals to protect police officers and their families.

Special Projects

- **Nominations.** We worked with the Legislative Affairs office on the nomination of Fred Hochberg. He was nominated by the Senate Small Business Committee by a vote of 18-0.
- **Health Care.** This week we met with Celinda Lake, a representative from AFL-CIO and Judy Lichtman from the National Partnership for Women and Families to go over communications strategies for the Patients's Health Care Bill of Rights.

Message Overview

- Next week's message events will focus on tobacco and NATO expansion. On Wednesday you and the Vice President, joined by 1,000 children, will welcome the Campaign for Tobacco Free Kids to demonstrate your commitment to ensuring the passage of this legislation. On Thursday you will sign formal papers expressing United States approval for the Czech Republic, Hungary, and Poland to join NATO
- Looking ahead, your upcoming message calendar for the last week of May and June reflects your commitment to core values with events honoring veterans, lauding fiscal responsibility and the progress of welfare reform, promoting the Patients Bill of Rights, releasing religious guidelines for schools, and preserving the environment with the Oceans Conference.

Speaking Engagements

- This week Ann spoke at a Women's Campaign Fund dinner at the Georgetown Club.

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THE WHITE HOUSE
WASHINGTON

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May 15, 1998

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARIA ECHAVESTE

SUBJECT: OPL WEEKLY REPORT May 9 - May 15

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COSACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

- Only deal we can make of GOS
GOP says*
- **Child Care.** As of Thursday afternoon, the child care advocacy groups (including their grassroots networks) were calling and faxing several members of the White House staff urging us to set aside a specific amount of money for child care in the tobacco settlement. They asked that child care not be an "option" on a list for states to choose.
 - **India.** The Washington business community received the press statement explaining your reasons for imposing sanctions on India. While the business community understands and supports this action, while they are very interested in learning the specifics of the sanctions so as to evaluate the impact on future investment decisions. On Friday, we are coordinating a briefing with the Department of Commerce to educate further the business community. Ambassador Aron will be convening a panel that will include representatives from: State, Treasury, Ex-Im Bank, OPIC, TDA, Agriculture and USAID.
 - **Africa Trade Bill.** We briefed with NSC and USTR the business community on the Africa Trade bill. More than fifty representatives from the oil & gas, manufacturing and high tech industries participated. Maurice Tempelsman spoke about both his experience doing business in Africa as well as the importance of this bill. The reaction from the business community is very positive but is skeptical concerning our ability to get any trade agreements passed during the remainder of this session. The meeting was well attended and also included members of your Africa Trip delegation, including Bob Johnson, Mel Clark, and Kase Lawal.
- A briefing on Tuesday with NSC/State/USTR should help move the religious community toward support for the bill. At the moment, the community is still divided on the bill but aware that with few legislative days remaining they need to reach consensus and move forward.
- **Tobacco.** It seems the tobacco industry is putting a lot of pressure on 3 groups -- labor, tobacco farmers and retailers. They are using the argument that with the tobacco legislation will result in loss of jobs all across the US. To date, labor does not appear to be responding. In the farming states, the industry is organizing tobacco farmer coalitions (primarily the larger tobacco farmers).
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COSCONSTITUENT OUTREACH AND OTHER ISSUESAFRICAN AMERICAN OUTREACH

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Alexis Herman. African American leaders are expressing anger and disappointment over the decision by the AG to call for the appointment of a special prosecutor to investigate Alexis Herman.

- **Education.** The NAACP is holding rallies across the country next week to celebrate their Back-to-School/Stay-in School Program. On May 18th, they will commemorate the Brown vs Board Supreme Court decision by calling for a National Day of Perfect Attendance.

RELIGIOUS OUTREACH

- **Religious Freedom.** As expected, Wolf/Specter passed the House by a wide margin (375-41-1 present). NSC and State are working with Senate staff on the Nickles/Mack bill. A mark-up scheduled for next week was canceled, however, as Helms did not have enough votes to get it out of committee.

ASIAN PACIFIC AMERICAN OUTREACH

- **Cabinet position for Asian American.** We are hearing from many members of the Asian American community that they support Chancellor Tien for a Cabinet position.

AGRICULTURE

*Roberts
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not help
them.*

• **Dairy.** You should be aware that many of the southeast dairy farmers, including Arkansas, say that they are on the verge of going out of business. The dairy farmers have requested a minimum floor on fluid milk for only a few months until the new order reform takes place. They say without this floor and with the tremendous drop in milk prices, the dairy farm families will encounter one of the largest financial losses in recent times. They are currently waiting for a decision on this by Secretary Glickman due out in the next couple of weeks.

WOMEN'S OFFICE OUTREACH

• **Child Custody Protection Act.** Republicans held a press conference on Wednesday ---- this bill, which will prohibit taking minors across state lines to avoid laws requiring the involvement of parents in abortion decisions. Hearings in both the Senate Judiciary Committee and the House Constitution Subcommittee of Judiciary are scheduled for

probably unconstitutional

next week. We are meeting internally to determine our response and will meet the pro-choice groups on Monday to hear their views.

SENIOR CITIZEN OUTREACH

- ✓ **Social Security.** After meeting with staff from OPL and NEC, Economic Security 2000 will be partnering with the National Committee to Preserve Social Security and Medicare to convene a series of balanced forums on Social Security. The forums, which will further your goal of engaging Americans on Social Security this year, will take place in ten cities. We will work to organize the participation of key Administration representatives at the forums.

Jose • **AARP's Biennial Convention.** The Vice President and SSA Commissioner Apfel are confirmed to speak at AARP's Biennial Convention in Minneapolis, MN. The convention runs from June 1 - 4 and is expected to attract 30,000 seniors from across the country.

GAY AND LESBIAN OUTREACH

- **Hochberg clears Committee; Hormel get *Washington Post* endorsement.** On Tuesday the *Washington Post* editorialized in support of Jim Hormel. On Thursday, Fred Hochberg was voted out favorably from the Small Business Committee by a vote of 18-0.
- **NYC Mayor Giuliani asks City Council to enact sweeping gay rights protections; Fayetteville enacts gay rights law.** The proposed NYC law will create wide ranging domestic partner benefits, on a par with those offered in Hawaii and San Francisco. Meanwhile, last week the Fayetteville, Arkansas City Council overrode, by a vote of 6 to 2, a veto by Mayor Fred Hanna of a gay rights ordinance. The measure now becomes law. The legislation is at least partially in response to the campaign for tolerance which followed the 1995 gay bashing of Fayetteville high school student, William Wagner.
- **Shocking new CDC study finds over one third of gay teens attempt suicide.** The results, part of CDC's Youth Risk Behavior Study, also reveal that gay kids are more at risk to engage in other health endangering behavior, such as drug use.

AIDS

- **CBC asks for AIDS emergency declaration.** The Congressional Black Caucus unanimously asked the HHS Secretary to declare an AIDS State of Emergency. Blacks account for 43% of all AIDS cases in the US.

ETHNIC OUTREACH

✓ **Kosovo.** The Albanian community was pleased with the announcement of talks with Milosevic and Rugova and ask you to continue to show strong leadership on this issue. They do feel the strong leadership that your Administration has demonstrated prevented a large increase in violence that was expected this week and was the inspiration for the talks.

✓ **Greek /Turkey Cyprus negotiations.** The Greek community is concerned with Turkey's deadlock in Cyprus negotiations and feels that this is a crucial moment in these longstanding negotiations. They are extremely pleased with the State Department's team who have represented the Administration in these negotiations.

JEWISH OUTREACH

- **Israeli - Palestinian negotiations.** America's top official for Middle East affairs has fired back at the organized Jewish community for criticizing President Clinton's peace policies. "I would urge people who in this time of difficulty are worried about what President Clinton might or might not do to remember that this president did not get the reputation in the Jewish community of being the most pro-Israel president in the history of the relationship for nothing," said Martin Indyk, assistant secretary of state for Near East affairs. Responding to a reporter's question at the American Jewish Committee's annual conference, Indyk urged the Jewish community to "have faith" in Clinton and U.S. Secretary of State Madeleine Albright as they continue to push Israeli Prime Minister Benjamin Netanyahu to accept an American plan for breaking the deadlock between Israel and the Palestinians. "I would urge you to lend your support to that effort," he added.

In a poll conducted by Penn, Schoen & Berland at the end of last week, an overwhelming majority of American Jews - 80%- support administration efforts to revive Israeli-Palestinian negotiations. The same number also agree that "in helping to move the peace process forward, President Clinton would not do anything that would harm Israel's security." A majority - 54%- believe that the "current level of American diplomatic pressure on Netanyahu" is 'about right' or 'too little.' 33% say it is 'too much.'

An ad will run in Sunday's Washington Times that is an open letter from Israeli MK Yossi Beilin to AIPAC. He says, "Recently there have been signs of a dangerous deviation from [strengthening the US-Israel relationship] -- exemplified by the Senators letter. AIPAC should never be open to the accusation that it is serving the interests of the extreme right in Israel,...an obstacle of peace, and must never be open to the accusation that it is championing confrontation rather than cooperation with the US government..."

cc: Erskine Bowles Rahm Emanuel
 Craig Smith Michael McCurry
 Doug Sosnik Gene Sperling

Sylvia Mathews
Sid Blumenthal
Bruce N. Reed
Mickey Ibarra

Thurgood Marshall, Jr.
John Podesta
John Hilley
Ron Klain

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COSCONSTITUENT OUTREACH AND OTHER ISSUESAFRICAN AMERICAN OUTREACH

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AGRICULTURE

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ONE AMERICA IN THE 21ST CENTURY

The President's Initiative on Race

THE PRESIDENT HAS SEEN
5-20-98

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The New Executive Office Building
Washington, DC 20503
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MEMORANDUM FOR THE PRESIDENT

FROM: JUDITH A. WINSTON *Judith A. Winston*
THROUGH: ERSKINE BOWLES
SYLVIA MATHEWS
DATE: MAY 15, 1998
SUBJECT: PRESIDENT'S INITIATIVE ON RACE WEEKLY REPORT
MAY 9 - MAY 15

ADVISORY BOARD ACTIVITIES

California State Board of Education. On May 11, Angela Oh met with representatives of the State Board of Education in Sacramento and suggested that they work with university researchers to undertake a study of the impact of diversity or bias reduction programs on primary school children.

Latino/Jewish Business Roundtable. On May 12, Angela Oh met with this group of business leaders and showed them the Multicultural Collaborative video on race relations in Los Angeles. The video was well received, and they are exploring the possibility of showing it to a larger group of business leaders.

Asian American Public Employees Council (AAPEC). On May 14, Angela Oh gave the keynote address at the annual AAPEC luncheon about the Initiative and her work on the Initiative. She addressed about 350 city, county, and state employees.

OFFICE OF THE EXECUTIVE DIRECTOR

May Advisory Board Meeting on Administration of Justice. The Advisory Board is meeting on Tuesday, May 19 at The George Washington University. The focus of the meeting is race, crime, and the administration of justice. Attorney General Janet Reno will provide the keynote remarks. Christopher Stone, Director of the Vera Institute of Justice will give an overview of the facts surrounding issues of race and crime. The meeting will then consist of a roundtable Socratic-method discussion moderated by

Professor Charles Ogletree of Harvard Law School, which will explore: What are the facts? How do different perceptions of crime and the administration of justice affect efforts to build One America? What strategies can help promote a criminal justice system that serves and treats Americans of all races fully and equally?

EEOC/Fair Employment Practices Agencies Conference. On May 11, I provided the keynote address at the 1998 EEOC/FEPA Conference in Washington, D.C. Approximately 250 persons participated in the meeting. A significant number of attendees represented state and local human rights commissions and are members of the International Association of Official Human Rights Agencies (IAOHRA) which passed a resolution last Fall supporting the work of the Race Initiative. My remarks focused on the Administration's FY99 budget proposal supporting increased funding for the EEOC and the policy and action agenda of the Race Initiative. I encouraged attendees to continue their efforts to identify promising practices for inclusion on our website and the compendium to your report.

American Psychological Association. On May 13, I addressed the American Psychological Association and discussed higher education issues, affirmative action, and the important role psychologists can play in facilitating communication and change in their roles as administrators, faculty, supervisors, and therapists.

 **Rising Stars Program.** On May 14, members of the Initiative Youth Group staff conducted a dialogue on race with approximately 200 members of the James MacGregor Burns Academy of Leadership at the University of Maryland. Among the issues discussed were interracial dating, affirmative action and social segregation.

 **Promising Practices.** Over 35 new promising practice programs have been added to our website. To date, we have featured nearly 150 examples of these programs from across the country and spanning many sectors, including community building, education, and multi-media.

 **Federal agency activities were not available.**

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS BEEN
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May 15, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. *KMB for TMS*

SUBJECT: Summary of Cabinet Weekly Reports
May 9 - 15, 1998

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DEPARTMENT OF TREASURY

- **New \$20 Bill:** On May 20, Secretary Rubin and Federal Reserve Chairman Greenspan will unveil the new \$20 bill during an event at the Bureau of Engraving and Printing. The Secretary will also appear on the *Today Show* to discuss the new currency.
- **IRS:** On May 7, the Senate approved a \$19.3 billion package of structural reforms and new taxpayer rights by a vote of 97-0. Much of the money to pay for the bill would come from expanding eligibility for Roth IRA's. In a number of areas, the Senate version of the IRS restructuring legislation supports Treasury's position, including preserving a role for the Secretary and an employee representative on the Board and waiting to make reforms at the CID pending a review by Judge Webster. The bill provides the IRS Commissioner with flexibility and authority to continue customer service and management improvements.
- **Community Development Financial Institutions (CDFI):** On May 11, Representative Bachus released his committee's study of the CDFI Fund's first two years, including many criticisms he had previously made, and Treasury released a statement that Treasury and the Fund have taken a number of steps to correct these problems. On May 13, Under Secretary Hawke and Director Lazar testified before the Senate Banking Subcommittee on Financial Institutions on reauthorization for the CDFI Fund, Representative Bachus's report, and the upcoming GAO report on CDFI.
- **Debt Collection:** This week, Price Waterhouse finalized their portfolio analysis of the \$51.9 billion of non-tax delinquent debt owed to the federal government. Treasury requested this analysis to get a more accurate assessment of the amount of debt actually collectible by Treasury. Of the \$47 billion that is over 180 days old, \$18.2 billion is

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analysis need
your attention

ineligible to be transferred to Treasury because of several exemptions contained in the Debt Collection Improvement Act of 1996. Of the remaining \$29 billion, Price Waterhouse estimates that between \$860 million and \$1 billion can be collected annually through the use of tax refund offset, administrative offset, and cross-servicing.

U.S.-China Law Enforcement: On May 11-13, representatives from Treasury, DOJ, and State participated in law enforcement bilateral meetings with their counterparts from the Peoples Republic of China. The sessions are the second of its kind since you and China's President Jiang Zemin met last October in Washington. The talks will likely produce an MOU that will govern future bilateral enforcement activities, including the setting up of a DEA office in Beijing by the time of your visit to China in June. In addition, the MOU will permit an exchange of views on how to strengthen bilateral cooperation in combating international organized crime, narcotics trafficking, alien smuggling, counterfeiting and money laundering.

DEPARTMENT OF JUSTICE

- **Military Ski Accident in Italy:** A civil action has been filed against the U.S. in Trento, Italy, arising out of an accident in Cavalese, Italy on February 3, when a U.S. Marine Corps plane flying at low altitudes snapped a ski line and 20 persons on a gondola crashed to their death. The suit was filed by the transportation trade union that represents cable car operators, including one of the victims of the crash. It seeks to prevent similar training activities from being conducted by U.S. military aircraft.
- **Chesapeake Bay Agricultural Runoff:** Last week, DOJ and the U.S. Attorney for the District of MD announced the lodging of a consent decree resolving Clean Water Act violations at Hudson Foods' chicken processing plant in Berlin, MD. The decree requires that Hudson pay a \$4 million civil penalty and perform Supplemental Environmental Projects (SEPs) worth \$2 million. The SEPs involve actions to reduce nutrient runoff from its growers' chicken raising operations on the Delmarva Peninsula. The farms in question all discharge surface runoff into the Chesapeake Bay.
- **Direct Broadcast Satellite Assets:** On May 12, DOJ filed a civil antitrust suit to block Primestar, Inc. from acquiring the direct broadcast satellite assets of News Corporation Limited and MCI because it would allow five of the largest cable companies in the U.S., which control Primestar, to protect their monopolies and keep out new competitors. Direct broadcast satellite is a service that uses orbiting satellites to transmit video programming directly to a subscriber's home. DOJ argued that the companies would have little incentive to use the satellite service assets to compete aggressively against cable television. The lessened competition could ultimately result in higher cable rates for consumers.

- **San Francisco Nursing Home:** On May 6, DOJ informed Mayor Brown of the findings of the Civil Rights of Institutionalized Persons Act (CRIPA) investigation into conditions of resident care and treatment at the Laguna Honda Hospital and Rehabilitation Center. Laguna Honda is the largest public-operated nursing home in the country with a population of approximately 1,200 residents. DOJ's findings letter cited numerous violations involving safety, health care services, inadequate activities and stimulation for residents, and inappropriate use of restraints.
- **AR Apartment Racial Discrimination:** On April 30, the jury in United States v. Big D Enterprises, Inc., et al. found the defendants liable for engaging in a pattern or practice of racial discrimination. The jury specifically found defendants liable for refusing to rent an apartment unit to Cynthia Parks on account of the race of her bi-racial son. At trial, DOJ presented evidence that office staff were instructed to tell on-site resident managers not to rent to African-Americans.
- **Airline Industry Competition:** On May 19, the House Judiciary Committee will hold a hearing on the current state of competition in the airline industry.
- **Teamsters:** On May 19, DOJ will testify before the House Subcommittee on Oversight and Investigations of the Committee on Education and the Workforce. The subject of the hearing is who should pay for the rerun of the Teamsters 1996 election. The FY98 appropriations bill prohibits DOJ from spending any resources to pay for the rerun.

DEPARTMENT OF INTERIOR

- **ANWR Protection Policy:** The Administration's policy to protect the wilderness and wildlife resources of the Arctic National Wildlife Refuge (ANWR) remains strong. On May 17, the U.S. Geological Survey will release a summary of its most recent oil and gas resource evaluation of the coastal area of the Arctic National Wildlife Refuge, including adjacent state and private lands. The assessment is a technical update of previous USGS efforts in the area. It is expected that the reanalysis will result in an overall projected increase in the estimate of economically recoverable oil in the area.
- **CA Water:** Secretary Babbitt has approved a request for an extension of 30 days for public comment on a landmark plan to restore the health of the San Francisco Bay-Delta, east of San Francisco. The comments involve the CALFED Bay-Delta program, a four-year-old federal-state partnership which is considering three alternatives to restore the Delta, the source of drinking water for 22 million people. While CALFED has not endorsed any of the three options to date, Secretary Babbitt and Governor Wilson have agreed to choose a preferred option by December.
- **UT Schools and Land Agreement:** The "Utah Schools and Lands Exchange Act" agreement between Secretary Babbitt and Governor Leavitt has been widely hailed in

5-20-98

✓ *Gore* ✓ Utah as both fulfilling your commitment to exchange state lands out of the Grand Staircase-Escalante National Monument, and to resolve several other long-standing land management problems between the state and the federal government.

- **Kennebec River:** On May 26, Secretary Babbitt and ME Governor Angus King will sign an agreement to remove Edwards Dam from the Kennebec River, making way for fish restoration projects in the Northeast.
- ✓ *✓* • **Headwaters Redwood Project:** On May 1, Secretary Babbitt met with Governor Pete Wilson to discuss funding of the Headwaters project. Governor Wilson announced that the state of CA will propose a direct state appropriation of \$130 million to pay its share of the plan to protect old-growth redwoods. The Headwaters project involves the purchase of 7,500 acres of old-growth redwoods in northern California, and the protection of an additional 200,000 acres under a Habitat Conservation Plan (HCP). The \$380 million purchase price includes a federal share of \$250 million, which Congress appropriated last fall, and \$130 million from the state of California.
- ✓ *✓* • **National Parks Concessions Reform:** Retiring Senator Bumpers has made the reform of national parks concessions law one of his top legislative priorities during his tenure. His efforts at reform over the past 17 years have been blocked by Republican opposition to any reforms that diminish the preferential treatment present concessioners receive for renewal of contracts. Recognizing that the enactment of comprehensive concessions reform legislation would be a fitting final tribute to Senator Bumpers' distinguished legislative career, Secretary Babbitt has joined with Senator Bumpers and Senators Bennett and Thomas to make one final effort to broker a package of park concessions reforms that could be enacted this session of Congress.

Greg *Gore* *✓*
✓ **UNITED STATES DEPARTMENT OF AGRICULTURE**

- **New Commodity Action Plan:** On May 7, Secretary Glickman announced USDA's Commodity Action Plan during testimony before the Senate Committee on Agriculture, Nutrition and Forestry. The plan to shore up sagging commodity prices includes measures to improve trade, farm cash-flow and market flexibility, crop insurance, replenish the food aid reserve, and works to resolve long-term railcar transportation problems. USDA has also proposed legislation to extend the term of crop marketing loans beyond nine months during periods of low prices, or where transportation bottlenecks restrict marketability, and has proposed legislation to allow farmers to receive farm program payments earlier than under current law.
- ✓ *✓* • **North Korean Food Relief:** World Food Program officials have asked USDA to purchase 64,000 metric tons of wheat and 22,000 metric tons of corn, the final portion of U.S. commodities requested for North Korea for shipment by August 1.

THE PRESIDENT HAS SEEN
5.20-98

- **WTO Ministerial:** On May 17-21, Secretary Glickman will attend the WTO ministerial meeting in Geneva, Switzerland.
- **Food Safety Report:** On May 8, USDA released the new "Quarterly Regulatory and Enforcement Report." *The Wall Street Journal* featured a story that same date focusing on the 34 plant shutdowns and highlighting Perdue and Tyson, saying that fecal contamination was the most common reason for the shutdowns.

DEPARTMENT OF COMMERCE

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Year 2000 Problem: On May 11, Secretary Daley announced that the National Institute of Standards and Technology's Manufacturing Extension Partnership centers around the country are stepping up efforts to help smaller manufacturers avoid Year 2000 computer problems.

- **Computer Market Share in China:** Several U.S. computer companies, including America Online, Netscape Communications, PowerQuest, and Storage Computer Corporation, are participating in the U.S. Computer Industry Trade Mission to Hong Kong, Shenzhen, Guangzhou, Shanghai, and Beijing, China.
- **Special 301:** After consultations with industry, agreement has been reached to produce a three-category list (priority foreign country, priority watch list, and watch list) in next year's report. Efforts will focus on enhancing a continuous IPR dialogue with foreign government officials. The International Intellectual Property Alliance, Motion Picture Association of America, and Recording Industry Association of America have welcomed this initiative and have pledged to provide comprehensive country submissions.
- **Korea Automobile Market Access Barriers:** On May 13-14, International Trade Administration staff will participate in negotiations with Korea on market access barriers facing the U.S. auto industry in Seoul. Each of the Big Three representatives and their trade association, the American Automobile Manufacturer Association, reiterated their unified support for pursuing negotiations under the 301 case.
- **China Nuclear Fuel License:** The Bureau of Export Administration (BXA) is reviewing the first license application from a U.S. company to export nuclear fuel to China.
- **Cuba Policy:** On May 13, State announced the steps that will be taken to implement your statement of March 20 on expanding the flow of humanitarian aid to Cuba. Direct humanitarian flights to Cuba will be resumed, the export licensing procedures for selling medicines and medical supplies will be streamlined, and remittances to family members in Cuba will be reinstated. BXA has export control jurisdiction over flights and medical sales, and will publish a notice in the *Federal Register* and put guidelines on its Web site.

DEPARTMENT OF LABOR

- **Unemployment Statistics:** On May 22, BLS will issue a news release on State Employment and Unemployment for April.
- **Metrotech Grant:** Next week, DOL hopes to announce a \$1.2 million multi-state Information Technology Planning Grant for the DC Metropolitan Area Technology Initiative. The planning grant is being awarded through the JTPA Title III program to the State of VA, as part of the collaborative effort between DOL, VA, MD, and DC. VA will serve as project administrator for the planning phase of the project. MD will submit the actual operational grant application within the next six months.
- **SAVER Summit:** DOL anticipates the finalized agenda to be published in the *Federal Register* the week of May 18. Negotiations are ongoing between the Pension and Welfare Benefits Administration and Congressional majority staff regarding panelists. All Democratic Statutory Delegates, from the Administration and Congress, have been sent a letter informing them of their selection and requesting that they at least attend the Opening Session and White House reception on June 4 and the Closing Session June 5.
- **Equal Pay Day:** DOL's Women's Bureau is drafting a commemorative 35th Anniversary Equal Pay Day publication for a possible White House event on June 10.
- **Secretary's Schedule:** On May 20, Secretary Herman will Chair a meeting of the President's Committee on the International Labor Organization.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **R.I. Children's Health Insurance Program:** On May 8, HCFA approved RI's Title XXI proposal. The proposal will allow the state to receive enhanced matching funds for certain children currently eligible as part of the state's section 1115 waiver program, entitled "RIteCare." The state will expand Medicaid eligibility to uninsured children aged eight to eighteen up to 250 percent of the Federal poverty level.
- **Imported Food Safety:** On May 11, GAO released its evaluation of the safety of imported foods. GAO concludes that some of FDA's import control activities are inadequate. While FDA believes that imported foods are generally safe, recent outbreaks of food-borne illnesses demonstrate that imported foods can introduce new risks and increased consumption of imported foods heightens those risks. To address these risks, FDA will require additional legal authority and resources.
- **New Drugs "Approvable":** On May 12, FDA issued "approvable" letters for two important new drugs. An "approvable" letter provides details on what additional steps the manufacturer needs to take in order to gain approval. Cephalon Inc. and Chiron

Corporation's Myotrophin for the treatment of ALS or Lou Gehrig's Disease was deemed "approvable" subject to the submission of additional data from ongoing studies to demonstrate its effectiveness in the treatment of ALS. FDA has also determined that Roche's Zenical for weight control may be approvable subject to certain conditions, including submission of follow-up data from ongoing clinical programs.

- **Protection of Human Subjects:** On May 20, HHS will publish proposed revisions to the regulation for the Protection of Human Subjects, which will offer additional protections for pregnant women, fetuses and newborns. The revisions will eliminate unnecessary barriers to participation in research that can benefit fetuses or newborns.
- **Termination of Home Health Agency -Lifenet:** On May 5, HCFA sent a letter of termination to Lifenet for failure to provide an adequate level of skilled nursing care. Lifenet, a Home Health Agency located in Eau Claire, WI, received Medicare HHA certification in January 1997. The compliance survey conducted by WI in January found non-compliance in three conditions of participation. Re-visits in March and April found that the skilled nursing area remained out of compliance.
- **Children and Tobacco:** During the week of May 4, FDA signed contracts with IA and MS to enforce FDA's regulation prohibiting retailers from selling cigarettes and smokeless tobacco products to children under 18. Under the contract, a state conducts unannounced retail compliance checks. This brings the number of states to partner with FDA in the tobacco initiative this year to nine. FDA expects contracts with all 53 eligible states and territories this year.
- **Pregnancy-Related Death Associated with Heparin and Aspirin Treatment for Infertility:** In 1996, a 38-year-old woman died from complications of a cerebral hemorrhage. She was approximately 9 weeks pregnant with triplets at the time of her death. The patient had undergone *in vitro* fertilization and was being treated with anticoagulants (heparin and aspirin) and immunotherapy (intravenous immunoglobulin) at the time of her death. This is the first reported death related to this anticoagulation treatment.
- **Chickenpox- Related Deaths:** During January-March 1998, the TX Department of Health and the IA Department of Public Health notified CDC of three fatal cases of chickenpox in children that occurred during 1997. All three children were unvaccinated. This report demonstrates that varicella-related deaths continue to occur among U.S. children despite the availability of vaccine and recommendations for its use in all susceptible children.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **NY Hospital Refundings:** On May 7, HUD approved a \$121.7 million refunding for the Hospital for Special Surgery in New York, NY and on May 8, approved a \$70 million refunding for the Brooklyn Hospital Center in Brooklyn, NY. These transactions, which help the hospitals cut interest rate costs, allow the hospitals to generate funds to pay for a number of capital projects. HUD's Hospital Mortgage Insurance Program (Section 242) makes it easier for hospitals to borrow money to finance the construction or rehabilitation of acute care hospitals.
- **HUD Names Representative to Tribal Colleges and Universities:** Initiative Deputy Assistant Secretary Jacqueline Johnson has been named HUD's liaison to the White House Initiative addressing the critical issues facing Tribal Colleges and Universities. There are 30 Tribal Colleges located in 12 different states. Initiated 25 years ago with 6 schools, the system now has over 20,000 students representing 250 Indian Tribes. Johnson will work to develop a five year plan addressing barriers to funding opportunities, provision of technical assistance, and an annual goal for agency funds to be awarded to tribally controlled colleges and universities.
- **SuperNOFA:** On May 7, Secretary Cuomo announced that communities and housing groups interested in applying for almost \$2.7 billion in community and economic development grants can do so faster and more easily than ever before by logging onto the information superhighway. The HUD grants are being offered through a new system of national competitions that combine 40 different Notices of Funding Availability (NOFAs) into three SuperNOFAs. In the past, grant applications had to be requested in writing or by phone, and could take as long as two weeks.

DEPARTMENT OF TRANSPORTATION

- **Inspection of Wiring on Boeing Aircraft:** On May 7, the FAA issued an Airworthiness Directive (AD) ordering the inspection and possible replacement of fuel tank wiring in Boeing 737-100 through 500 series airplanes with more than 50,000 hours. The reports indicated that 50 percent of the first 26 inspections showed chafing of the wiring to some degree with one wire, in particular, worn through to bare metal. This latter action requires the immediate inspection of the wiring before further revenue service. The inspection criteria were expanded to capture those airplanes that have 40,000 hours rather than the original 50,000 hours. These combined actions are affecting approximately 300 U.S.-registered aircraft and impacting airline scheduling. In a related action, the FAA also issued an AD for Boeing 747 and 767 airplanes to conduct a one time inspection to ensure the wiring bundles have proper Teflon sleeves present, since one was found missing during a routine inspection.

- **Haitian Migrants:** On May 12, a Haitian freighter entered the Miami River with approximately 150-200 Haitians migrants on board. The vessel grounded as it approached a pier and many migrants escaped by jumping into the river. The Coast Guard, Border Patrol, INS, Customs and local law enforcement and rescue agencies responded to recover and detain the migrants. Currently, there are 99 migrants in custody. The case is being handled by the Border Patrol and INS.
- **Operation FRONTIER SHIELD:** On May 4, a. Customs aircraft spotted a fast boat jettisoning bales north of San Juan, Puerto Rico, and intercepted it 18 miles north of San Juan. The Cutter *THUNDERBOLT* recovered 41 bales of cocaine weighing 1,808 pounds. Customs arrested the 3-person crew and seized the vessel and contraband.
- **Buckle Up America Week:** On May 18, NHTSA Deputy Administrator Recht will kick off *Buckle Up America* Week with a national news conference to be held at the Second District D.C. Metropolitan Police Station where a simulated roll-call will be conducted. In addition, a child passenger safety seat checkpoint will be set up and observed by reporters and news conference participants.
- **U.K. Services:** Since Secretary Slater spoke with U.K. Deputy Prime Minister Prescott in late April regarding the inadequacy of Gatwick Airport landing slots for U.S. Airways' planned Charlotte-London service, US Airways and British Airways have been in contact but have not yet been able to reach a resolution of the issue with British Airways. DOT has not acted on British Airways' application to start Denver-London service.
- **ISTEA:** The pace on ISTEA reauthorization picked up last week as congressional leaders and the Administration began to discuss various options for addressing the major legislative stumbling block--funding. Members met among themselves, with senior White House officials, and with Secretary Slater to begin the serious negotiations necessary for the conference to move ahead. Administration representatives presented ISTEA conferees and their staffs with a proposal to resolve important budget issues raised by the ISTEA reauthorization legislation. On May 11, a counter-proposal was made by congressional staff to DOT, OMB, and White House representatives. The two proposals are far apart. On May 12, OMB Director Frank Raines transmitted a letter with the Administration proposal to key ISTEA conferees saying that a veto would be recommended to the President if budgetary concerns are not addressed in a fiscally responsible manner.

DEPARTMENT OF ENERGY

• **DOE-Treasury-Justice Partnership:** On May 19, the Vice President will join Secretary Peña to announce a partnership of DOE, DOJ, and Treasury to apply the scientific and technical capabilities of the DOE National Laboratories in the fight against crime and terrorism in carrying out its national security mission. DOE has developed sophisticated technologies and capabilities that can be leveraged to help in fighting the war on drugs,

violent crime, and terrorism. Through this partnership, these technologies and capabilities can be applied to Federal, State and local law enforcement needs and activities. This partnership will directly benefit local and State law enforcement agencies.

- **CNN Financial News:** On May 20, Secretary Peña will discuss electricity restructuring and competition in an interview with CNN Financial News.
- **Nuclear Material Protection Control and Accounting (MPC&A):** On May 25, DOE and Congressional representatives will attend commissioning ceremonies to mark the completion of MPC&A systems at several sites in Russia. The ceremonies will showcase an important milestone in DOE's efforts to direct-use nuclear material in Russia, the NIS, and the Baltics.

DEPARTMENT OF EDUCATION

- **Teacher Professional Development Awards:** On May 18, Secretary Riley will present awards to the recipients of the Second National Award for Model Professional Development. The program recognizes a variety of schools and districts with professional development programs for pre-K through 12 grade educators that have led to increased student achievement.
- **Religious Expression in Schools:** On May 27, Secretary Riley is tentatively scheduled to release revisions to DOEd's guidance on religious expression in public schools. The revisions are intended to make the guidance consistent with the Supreme Court's decision overturning the Religious Freedom Restoration Act.
- **Blue Ribbon Schools:** Next week, DOEd will notify members of Congress of the selection of 1998 Blue Ribbon Schools, and will announce the awards on May 22.
- **Hemispheric Education Ministers:** On June 4-5, Secretary Riley will participate in a meeting with Western Hemisphere education ministers in Washington D.C.
- **America Reads:** As of April 30, over 1,000 colleges and universities have signed on to the America Reads Challenge.

VETERANS AFFAIRS

- **Tobacco Estimates:** Official estimates of VA annual health care costs for treatment of tobacco-related conditions were cleared by OMB, and are being provided to Congress this week. Estimated costs amounted to \$3.6 billion for FY '97. The estimate also projects the possibility of an additional \$2.9 billion over five years for veterans who would become newly service-connected if VA's proposed tobacco legislation is not passed.

- **Gulf War Illness:** On May 14, the House Government Reform and Oversight Subcommittee on Human Resources will hold a hearing on GAO's report, "Gulf War Veterans: Incidence of Tumors Cannot be Reliably Determined from Available Data."

ENVIRONMENTAL PROTECTION AGENCY

- **TX Air Quality:** In response to the smoke from Mexican and Central American fires, EPA's Region 6 office is installing five new fine particulate air monitors in San Antonio, Dallas, Galveston and Brownsville, TX. Similar air quality monitors have been in place for some time in Houston, Austin, and Corpus Christi. The data collected will help TX produce public health advisories. The personnel and analytical costs of the work will total approximately \$140,000. TX will not be held accountable for air quality problems directly attributable to these fires. The EPA's natural events policy allows for uncontrollable natural events that result in violations of air quality standards. USAID's Office of Foreign Disaster Assistance is coordinating an interagency team to review the situation in Central America. EPA, FEMA, HHS and DOC are coordinating mitigation efforts in Texas (air quality issues).
- **"Ozone Action Days":** With the summer approaching, ozone levels are expected to rise and reach dangerous levels more frequently. Ground-level ozone is a serious air quality problem in the Washington, DC area. As part of "Ozone Action Days" when weather forecasters predict high ozone days, EPA will notify employees and suggest simple steps that each person can take to reduce ozone-causing emissions.

UNITED STATES TRADE REPRESENTATIVE

- **High Fructose Corn Syrup (HCFS):** Last week, the U.S. initiated a new WTO case against Mexico to challenge its anti-dumping action against U.S. exports of HCFS, used in Mexico primarily for sweetening soft drinks. In a companion action, this week, the U.S. will initiate an investigation regarding the Mexican government's role in encouraging and supporting an agreement between representatives of the Mexican sugar industry and the soft drink bottling industry, which limits the industry's use of HCFS.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Inter-American College of Physicians and Surgeons:** On May 18, Director McCaffrey will meet with Dr. Rene Rodriguez, President of the Inter-American College of Physicians and Surgeons (ICPS). The ICPS is a non-profit organization working to improve the medical education of Hispanic physicians and the health of the Hispanic-American community.

- **ONDCP Reauthorization:** On May 14, Director McCaffrey met with Senator McCain to discuss the Senator's objections to the ONDCP Reauthorization Bill. The Senator may offer a counter proposal to the Senate Judiciary Committee version of the bill.

OFFICE OF PERSONNEL MANAGEMENT

- **Restructuring OMB:** On May 12, the House Subcommittee on Government Management, Information, and Technology held a hearing on the question of restructuring OMB by creating a separate Office of Management. No current Administration officials were invited to testify, but two panels of former OMB officials, academics, and CRS and GAO officials were largely supportive of the idea.

SOCIAL SECURITY ADMINISTRATION

- **International Colloquium on Job Retention and Return-to-Work:** On May 20 - 22, SSA's Office of Disability and Income Security Programs will co-sponsor with your Committee on Employment of People With Disabilities an "International Colloquium on Job Retention and Return to Work: Strategies for Workers with Disabilities" in Washington, D.C. An international audience of approximately 300 government policy experts, consumers, disability advocates, employers, labor union representatives, and cross-national and U.S. researchers engaged in disability policy work have been invited. The colloquium will discuss the findings from the first phase of the eight country cross-national study on job retention and return-to-work, particularly the implications for future U.S. disability policy, and suggest directions for phase two of the research project.

cc:

The Vice President

Erskine Bowles

Paul Begala

Sandy Berger

Sidney Blumenthal

Maria Echaveste

Rahm Emanuel

Mickey Ibarra

Janis Kearney

Ron Klain

Neal Lane

Ann Lewis

Sylvia Mathews

Michael McCurry

Katie McGinty

Mack McLarty

John Podesta

Franklin Raines

Bruce Reed

Craig Smith

Doug Sosnik

Gene Sperling

Larry Stein

Melanne Verveer

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

May 19, 1998

5-20-98

✓
MR. PRESIDENT:

I'll have a reply prepared for
the attached.

Phil Caplan

cc: Erskine Bowles
John Podesta
Sylvia Mathews

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Podesta
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him about this?
BZ

THE PRESIDENT HAS SEEN

5-20-98

THE WHITE HOUSE
WASHINGTON

May 14, 1998

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Dear Mr. President,

It is with deep regret that, for personal family reasons, I am tendering my resignation as Director, White House Military Office effective May 31, 1998.

It has been my singular honor to serve in your Administration for the past three and one-half years. I have met and worked with many wonderful people here in the White House, all of whom are dedicated to furthering the Administration's goals. It has been an experience of a lifetime and one that I shall always treasure.

Thank you so much for having given me this opportunity to serve you.

Very respectfully,

A handwritten signature in dark ink, appearing to read "Alan P. Sullivan". The signature is fluid and cursive, with the first name "Alan" being the most prominent.

Alan P. Sullivan