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THE WHITE HOUSE
WASHINGTON
June 7, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN^{Phil}
SEAN MALONEY

SUBJECT: Child Labor Issues

Gene Sperling has sent you a lengthy options memo on two child labor issues: (1) whether to champion a new International Labor Organization (ILO) convention aimed at eliminating extreme forms of child labor; and (2) whether to support legislation that Sen. Harkin plans to introduce. *All of your advisers are in agreement.*

New ILO Convention. This week in Geneva the ILO will begin drafting a new child labor convention dealing with extreme forms of child labor (*e.g.*, prostitution, hazardous work). This new convention will supplant a failed, 25-year-old ILO convention on the same subject. The U.S. has never ratified the old one (only 60 countries have) because it would require significant changes in federal law, including the family farm exemption from child labor rules. A new convention could end up raising similar domestic concerns, but your advisers believe it can succeed if it sticks to extreme forms of child labor, which barely exist here.

Options/Views. Gene presents 2 options, but there is no support for Option 1, which would have you do nothing and wait to see what the ILO produces. Your advisers (*Gene, NSC, OMB, State, Labor, Podesta, Sylvia*) all agree on **Option 2**; it recommends that, prior to Alexis' Geneva trip, you issue a strong statement favoring a focused, ratifiable ILO convention on the most extreme forms of child labor. This would enhance U.S. leadership/influence in the drafting.

☐ Option 1 ☒ Option 2 (recommended) ☐ Discuss

Harkin Legislation. This week, Sen. Harkin will introduce legislation that would harmonize U.S. child labor laws in agriculture with those in non-agricultural sectors; increase penalties; and boost the Labor Department's enforcement authority. The bill would help close the gap between U.S. law and the new ILO convention (*e.g.*, by banning farm work for kids under 14), but would leave the family farm exemption intact. The bill has little chance of passing this year, but Harkin plans to push hard, and hopes to garner bipartisan support.

Options/Views. Gene presents 3 options, but, again, all of your advisers are in agreement: there is no support for either Option 1, which would be to take no position on the bill, or Option 3, which would be a specific legislative endorsement. All agree on **Option 2**, which would have Alexis express strong general support for Harkin's efforts. This action, coupled with an ILO announcement, amounts to a serious statement of commitment on this issue.

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

THE WHITE HOUSE
WASHINGTON

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June 5, 1998

MEMORANDUM TO THE PRESIDENT

FROM: GENE SPERLING

RE: UPCOMING CHILD LABOR ISSUES

As part of the on-going NEC process to advance your agenda on child labor, this memo presents several options regarding two upcoming issues, one international and one domestic.

International Issue: Next week in Geneva at the annual meeting of the ILO, members will begin drafting a new convention aimed at eliminating the most extreme forms of child labor. I discuss below the outlines of the new convention, its relationship to an earlier ILO convention on child labor that the U.S. has not ratified, the drafting, adoption and ratification processes, and U.S. influence on them. Your advisors recommend that you champion the new convention by sending a strong public message that Secretary Herman can echo next Thursday when she meets in Geneva with the convention drafters.

Congressional Issue: On June 11, the Senate Labor Committee is holding a hearing on child labor. Senator Tom Harkin is expected to introduce legislation shortly before the hearing aimed at improving U.S. child labor protections, mainly in the agriculture sector. The Department of Labor will testify. After describing the probable elements of the legislation, we recommend that the Department issue a statement generally supportive of Senator Harkin's efforts to modernize our child labor laws in agriculture.

INTERNATIONAL

NEW ILO Convention on the Most Extreme Forms of Child Labor

This week, the ILO began work on a new convention dealing with the most egregious forms of child labor, such as bonded labor, child prostitution, hazardous work and work by the very young. The new convention was proposed, in part, because of the very low ratification rate of an earlier convention on minimum working ages for children -- Convention #138. The ILO hopes to achieve widespread ratification of the new convention.

Convention #138, drafted in 1973, has been ratified by about 60 countries, with 10 more expected in the next few months. This is up from 40 about three years ago. Ratification of Convention #138 has not been pursued by the U.S. because most conclude that it does not conform to various aspects of federal law -- most notably standards for agricultural work by children -- and because it may be at odds with state laws. For example, at a minimum, the following statutory changes would be required for the Fair Labor Standards Act (FLSA) to conform to Convention #138:

1. Raise the minimum age for hazardous work in agriculture from 16 to 18;
2. Eliminate exemptions which allow children under 13 to work on farms;
3. Authorize the Secretary of Labor to regulate total hours and conditions of work for 13, 14, & 15 year olds; and
4. Authorize the Secretary of Labor to operate an individual work-permit system for children employed in entertainment, to cover those states that do not have such a system. (Many states, including New York and California, already do this.)

In addition, in 1991 the Tripartite Advisory Panel on International Labor Standards (TAPILS) -- the U.S. government, business and labor body charged with review of ILO conventions -- raised the possibility that ratification of #138 would require changing U.S. law regarding *family farms*, thus repealing their status as exempt from child labor laws. TAPILS also raised concerns about the need for states to modify their laws.

Given the improbability of eliminating the family farm exemption and given that the convention is 25 years old and has no potent organized support in this country, your advisors all feel that it would be unwise to attempt to ratify #138 at this time.

Although the new convention is not yet drafted, ratification may well require attention to some of the same problems in current federal law which stand in the way of ratification of #138. (For example, items 1 and 2 listed above may also be issues for the new convention.) In addition, the contentious issues of children working on family farms and regulating hazardous work on family farms may arise in this context as well.

However, in spite of the apparent similarities between the two conventions, we feel that the new convention differs from the old in context and in substance.

- First, we feel the new convention will have considerably greater political and rhetorical energy behind it than #138 did, because it is targeted against the most extreme forms of child labor. (The focus on the most extreme forms of child labor is consistent with the focus of your budget initiative and your previous public statements on this issue.)
- Second, the new convention is being drafted with an eye towards forms of child labor which by and large do not exist in this country. Also, although we do not believe the new convention will include an explicit exemption for family farms, many countries are

lobbying for a simple, focused and sufficiently general convention to encourage widespread ratification.

- Third, unlike #138, there is no current TAPILS legal analysis raising the issue of regulating work on family farms. We are starting with a clean slate. We believe we can take steps that will reduce the chances of the same problems arising for the new convention, as described below.

The Process of Drafting, Adopting and Ratifying ILO Conventions

ILO conventions are negotiated in a tripartite process, where each country has three autonomous votes: one government; one worker; and one business vote. Drafting of the new convention began this week, and the final convention is scheduled for adoption in June of 1999, at next year's ILO meeting. We will be working hard in the drafting to reduce or eliminate any potential conflicts with U.S. law; if successful, that result would make domestic efforts to ratify the convention much simpler.

Once adopted, you would have the option of submitting the convention to the Senate for a two-thirds vote. To be ratified, a convention must be consistent with U.S. law and practice. Since President Carter, the job of determining consistency with U.S. law has fallen to TAPILS, which is chaired by the Solicitor of Labor and includes the chief counsels of the AFL-CIO and the U.S. Council on International Business. TAPILS is a subcommittee of the President's Committee on the ILO, an Advisory Committee created by Executive Order. The President's Committee is charged with making recommendations to the President and Secretary of Labor and to "exert its best effort to develop a coordinated position on U.S. policy on ILO issues." TAPILS functions not just as a legal clearinghouse, but also as a bellwether of tripartite political support for ILO conventions. This structure mirrors the practical domestic politics of ratification; to be ratified, a convention must have the support of business and labor as well as the U.S. government. (To date, the U.S. has only ratified 12 of 180 ILO conventions.)

U.S. Influence in the Drafting, Adoption and Ratification

The U.S. begins the process with limited influence, both because the U.S. government is only one of many voices, and because the U.S. has failed to ratify the vast majority of ILO conventions, including #138. Having said that, we believe that, should you decide to champion the new convention, there are several steps we would take to enhance and exert our influence over the drafting process:

- issue strong public statements by you and Secretary Herman to establish a U.S. commitment that has been lacking on past conventions and send clear signals to our negotiators;

- issue a strong statement by Secretary Herman in favor of modernizing our child labor laws in agriculture to establish our commitment to change U.S. law as necessary and appropriate, thus enhancing our credibility in saying that we want to ratify a new convention; (The pros and cons of this strategy are discussed in the next section of this memo.)
- have U.S. negotiators seek to include qualifiers, such as “where appropriate” or “as necessary,” to key elements of the convention;
- have Secretary Herman take the unprecedented step of participating directly in the upcoming drafting session and directly engage her counterparts from other key countries; and
- have U.S. negotiators work with the many other countries that have stated clearly that they want a simple, ratifiable convention limited to broad fundamental principles to gain support for convention language without barriers to U.S. ratification..

In addition, and because of the domestic politics of ratification, we will immediately begin working with the business and labor representatives on TAPILS. We feel that, by bringing business and labor into discussions early and by demonstrating a strong interest in this new convention, we stand a good chance of building the political and legal case necessary for a ratifiable convention -- e.g. one which does not require changes to sacrosanct elements of U.S. laws, especially those relating to the family farm exemption.

Options and Recommendations

Option #1: Do nothing for now. Under this option, you and your cabinet would be silent on the new convention. As negotiations proceed, you would have the option to speak out in favor if you learn that the convention emerging poses fewer problems than were feared. You could also wait until the convention was drafted, adopted and reviewed by TAPILS to decide whether or not to submit the convention for ratification and support it at that time.

PROS:

- Keeps your options open and protects you from the risk of supporting a convention that turns out to be unratifiable due to politically difficult issues regarding child labor in agriculture.

CONS:

- Your influence over the drafting and negotiations process would be reduced as your negotiators will be in Geneva without a strong public mandate from you.
- Leaves you out of the discussion of what we believe will be an important and potent convention on the most extreme forms of child labor.
- If you later support the convention, you could be perceived as a Johnny-Come-Lately on this issue, instead of a leader.

Option #2: Support a New, Ratifiable ILO Convention on the Most Extreme Forms of Child Labor. Under this option, prior to Secretary Herman's public appearance in Geneva, you would make a strong public statement of your support for a tightly focused, simple, ratifiable convention on the most extreme forms of child labor.

PROS:

- Enhances your leadership position on child labor, while maintaining your focus on the most extreme forms of child labor and positioning your efforts in the mainstream.
- Increases the probability that the ILO will draft a convention consistent with U.S. laws and that there will be political support for ratification.
- Offers a multilateral alternative to legislation offered by Rep. Chris Smith that demands automatic, unilateral sanctions on countries with child labor abuses, which is inconsistent with your strong opposition to automatic sanctions.

CONS:

- By associating with a convention that has neither been drafted nor analyzed, you could find yourself having championed a convention that turns out to have problems, and which you would not want to submit for ratification because of conflicts with U.S. law.
- May open the U.S. to charges of hypocrisy. Critics could call attention to the fact that we have not ratified #138 and have maintained the exemptions in our federal child labor laws regarding agriculture. (This problem can be mitigated by having Secretary Herman make a general statement in favor of modernizing our child labor laws in agriculture, as discussed in the next section of this memo.)

The NEC, NSC, OMB, Office of the Chief of Staff (John Podesta and Karen Tramontano), Secretaries Herman and Albright, and Ambassador Barshefsky recommend Option #2. Secretaries Glickman, Daley and Rubin have no objection. I (Gene Sperling) strongly favor: (1) an aggressive approach to not only supporting but seizing the unique opportunity to be a visible champion of a new convention on the most egregious forms of child labor; and (2) an aggressive communications strategy to do so. Secretary Herman agrees and feels that this will reaffirm your international leadership on this issue, improve our standing at the ILO, strengthen her ability to influence her counterparts from other nations, and increase the likelihood that the negotiations on the new convention will produce a ratifiable document. Secretary Glickman has some concerns about expected objections from the agricultural community, but feels that those objections will be manageable as long as the family farm exemption is kept in tact.

In sum, most of your advisors believe that there is a strong case for Presidential leadership on this issue and that the risk of championing a convention that you would not want to submit to the Senate can be minimized. However, should the political environment and legal process appear inhospitable to ratification, we anticipate that the TAPILS process would stall indefinitely. In that event, you could delay submission of the Convention to Congress until TAPILS concluded its work; you could send the Convention to the Senate without the benefit of a TAPILS report, although the Senate would probably not act without conclusive legal analysis; or you could

circumscribe the scope of TAPILS' inquiry to allow a consensus, but less thorough, report to be issued. Again, the TAPILS outcome is likely to reflect the existing state of tripartite political support at the time we consider submission for ratification.

PART TWO: DOMESTIC

Senator Harkin has announced his intention to introduce and promote legislation to amend the Fair Labor Standards Act regarding child labor, with a domestic focus. The Department of Labor has been asked to testify at a June 11th hearing on the bill. Specifically, Harkin's bill would harmonize U.S. child labor laws in agriculture with those regulating non-agricultural employment, increase penalties (civil and criminal) for child labor law violations, and increase the Department of Labor's capacity to enforce child labor laws.

We anticipate that Senator Harkin's legislation would bring federal law closer to conformity with the anticipated convention on the most extreme forms of child labor. For example, the bill would prohibit work on farms by children under 14 and prevent 16 & 17 year olds from doing hazardous farm work. However, the bill will leave the family farm exemption fully intact. Harkin's bill will also go further in some areas than would likely be required by the new convention. For example, the bill would ban the use of children in door-to-door for-profit sales, while continuing to allow charitable and non-profit activities.

Although the bill has virtually no chance of passage this year, Harkin is planning to aggressively promote it and is working closely with Senator DeWine in an effort to win bipartisan support. (DeWine has been noncommittal thus far.) Harkin is eager for an endorsement -- either general or specific -- from the Administration.

Options & Recommendations

Option #1: Take No Position on the Harkin bill. Under this option the Department of Labor would confine its June 11th testimony to analysis, without taking a position.

PROS:

- Doesn't lock us into supporting legislation that probably won't pass this year.

CONS:

- Will diminish our credibility in our fight against child labor with NGOs, allies in Congress, the labor movement and some members of the media.

Option #2: Make a general statement of support for Harkin's efforts to modernize our child labor laws. Under this option, Secretary Herman would be generally supportive of Harkin's efforts to close the most extreme loopholes in our child labor laws.

PROS:

- Reinforces the Administration's commitment to fighting child labor domestically, as well as internationally.
- Enhances our international position by demonstrating our willingness to change U.S. law to conform with a new convention.
- Builds goodwill with Senator Harkin, who is championing your budget request on child labor, specifically the 10-fold increase in funding for the International Program for the Elimination of Child Labor.

CONS:

- Republicans may oppose the legislation.
- The Farm Bureau and agricultural employers may oppose the bill.

Option #3: Support the Harkin bill. Under this option Secretary Herman would formally endorse the legislation prior to the hearing.

PROS:

- Strongest demonstration of the Administration's commitment to fighting child labor domestically.

CONS:

- Commits us to the bill so early in process that we would have little leverage to change it down the road.
- Commits us to supporting changes beyond those necessary to fight the most extreme forms of child labor under the new convention.
- There has been insufficient time for the bill to be vetted by interested parties whose reaction to its specifics cannot be fully anticipated.

The NEC, OMB and Secretary Herman recommend Option #2. Secretaries Glickman and Daley has no objection. Secretary Herman feels that this will give support to our allies on the Hill and help to focus on child labor problems within the U.S., without locking us into a specific piece of legislation. By focusing on the most obvious loopholes in our domestic laws, we can hold the moral high ground. Secretary Glickman's view on this issue is the same as on the ILO convention. He has concerns, but they can be managed if the family farm exemption remains in tact.

In sum, your advisors feel that option 2 optimizes our position by enhancing our credibility both domestically and internationally, while maintaining the focus on some of the most obvious loopholes in our law and still preserving some flexibility for us in the next Congress. This recommendation, combined with the recommendation that you take a leadership role on the new ILO convention, makes a serious statement of your commitment to the issue of child labor and lays the foundation for important progress on this issue both domestically and internationally over the next two years.

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Robert F. Kennedy (left) with his older brother, John, in 1959. Their assassinations came within only five years.

THE LASTING SPIRIT OF RFK

John Kennedy's battles are over. Thirty years later,
Bobby Kennedy's battles still are being fought.

By David M. Shribman
GLOBE STAFF

WASHINGTON - He was the president's brother. He was his campaign manager, his attorney general, his closest confidant in the signature confrontations of the day - with Nikita Khrushchev, who planted missiles on Cuban soil and fear in American hearts, and with Jim Crow, who held so much of America in his cruel grip.

But now, 30 years after he was shot, Robert Francis Kennedy - linked with his brother

in the White House years, linked with him in one of the tragic public deaths that helped define the Kennedy decade - finally is on his own in the pantheon of public memory.

What is remarkable today is not that three decades have passed since Bobby Kennedy won the California primary and then vowed to fight on in Chicago, where the Democrats were planning their national convention. What is remarkable today is the durability of Bobby Kennedy.

His older brother's world and worries are gone, Camelot in a time capsule. His own world and worries are right there, out the front window, and right here, on the front

page of the paper.

John Kennedy's battles - in Vietnam, in Laos, in the Congo - are over. Bobby Kennedy's battles - in the cities, in the marketplace, in the moral heart of the nation - are still being fought.

He was not a president, just a senator. He was not a party nominee, just a candidate. He was not a party elder, just an insurgent. And yet for all that, Bobby Kennedy remains a vivid figure, a giant of his generation, a symbol of his time.

RFK is, moreover, one of only five men in our history known by his initials; the others,

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30 years later, RFK's battles are still being fought

■ RFK

Continued from Page A1

Theodore Roosevelt, Franklin Delano Roosevelt, John Fitzgerald Kennedy, and Lyndon Baines Johnson, were all presidents. Before the year is out, the Republican Congress almost certainly will vote to name the Justice Department building after Bobby Kennedy.

Today, three decades after he lay mortally wounded in the kitchen of a Los Angeles hotel amid the last truly riveting presidential nomination battle of the century, Bobby Kennedy seems a distinctive part of the contemporary American landscape while his brother, the first president born in this century, increasingly seems like a figure from the historical past.

Their deaths were only five years apart — indeed, this November marks the 35th anniversary of President Kennedy's assassination in Dallas — but the two events now seem separated by ages.

John Kennedy died amid the certainties of the Cold War. Robert Kennedy died amid the uncertainties of America's role in the world.

John Kennedy challenged Americans to bear all the burdens of leadership. Bobby Kennedy challenged the nature of that leadership.

John Kennedy wanted America to show toughness in the world. Bobby Kennedy wanted "to make gentle the life of the world."

Bobby Kennedy's vision, his approach, his faith, his uncertainty — they are, every one of them, still here today.

He didn't believe in the welfare system or the welfare culture. He was skeptical of big-government solutions. He trusted in the markets.

"We have created a system of hand-outs, a second-rate set of social services which damages and demeans its recipients, and de-



Senator Robert F. Kennedy surrounded by hundreds of supporters at a campaign stop on April 2, 1968, in Philadelphia.

stroy any semblance of human dignity that they have managed to retain through their adversity," Bobby Kennedy said. "In the long run, welfare payments solve nothing, for the giver or the recipients; free Americans deserve the chance to be fully self-supporting."

You can hear that kind of speech any time these days, in the House Republican Conference — or in the White House, where a Democrat has lived for six years.

Often, in his last campaign, for the presidency in 1968, Bobby Kennedy would confront signs, hand-written, almost surely intended to be cutting and cruel. They said something like: "Bobby Ain't Jack." He wasn't trying to be.

Five years ago, President Clinton wrote a short foreword to an evocative pictorial book on RFK's 1968 campaign. In it he said:

"He fought to close the chasm between working-class whites and blacks while others sought political advantage in prying them apart. He was skeptical about bureaucracies and programs — as if either could solve our problems without private and individual efforts. He spoke plainly and passionately about hunger, about the unequal distribution of wealth and power in America, about ending apartheid in South Africa, and about the glories of citizens taking responsibility for their own actions and their own behavior."

The landmarks of Bobby Kennedy's passage — his agony over the problems he found in Mississippi and Africa, his worries about the gap between rich and poor, his struggle with applying economic solutions to social problems — are part of the challenge, present even in this time of tranquillity and prosperity, to build a society that fosters both pros-

perity and justice, that is diverse but united.

"There is discrimination in New York, apartheid in South Africa, and serfdom in the mountains of Peru," he said during a visit to South Africa. "People starve in the streets of India; intellectuals go to jail in Russia; thousands are slaughtered in Indonesia; wealth is lavished on armaments everywhere. There are differing evils, but they are the common works of man."

John Kennedy governed a nation that had come to enjoy life lived at an andante tempo, and was alternately inspired and chary of the faster pace he promised. Bobby Kennedy spoke to a nation that was marked with an agitated style, and was unsettled by war and insurrection. John Kennedy was classical, Bobby Kennedy was romantic. John Kennedy was consonant, Bobby Kennedy was dissonant.

"It is not enough to allow dissent," the younger brother said. "We must demand it. For there is much to dissent from. . ."

Bobby Kennedy was one of those who, as Keats wrote, "feel the giant agony of the world," one of the "slaves to poor humanity" who "labor for mortal good." The quotation was one of RFK's favorites, and he chose it for the opening of his chronicle of the 13 terrible days of the Cuban Missile Crisis.

Shortly after his death, Hallmark Cards Inc. published a little hardcover collection of memorable inspirational quotations from RFK. It bore a simple title, "Robert F. Kennedy: Promises to Keep." The promises he made — for a more just society, for a richer appreciation of our own diversity — remain unfulfilled at the precipice of a new century.

For all his imitators, and in Washington they appear with more regularity than Elvis impersonators, John Kennedy would be incongruous in Washington today. His sense of style was rooted in the verities and customs of the years preceding World War II. He may have been the television president, but

he was tied to the old-time bosses. He may have portrayed himself as a rebel, but he was bound by the old ways.

Bobby Kennedy knew no such bounds. They were broken by his brother's assassination, and by the failure of the establishment to give way to change in the mid-1960s, and by the pain of his own loss, and by the anger of his countrymen, whether in the ghettos or in the draft boards or in hippie communes or the everyday lives of men and women who tried to keep their families together as their country flew apart.

John Kennedy's causes are gone, and so, for the most part, are his men. Bobby Kennedy's causes live on, and so, to a remarkable degree, do the men who surrounded him. You can see them every day, on Capitol Hill, in law offices, in the capital's conversation. Today they have a special presence in Washington, and a special aura of moral power.

So, too, in a funny way, does Robert Kennedy.

John Kennedy was known as "Jack," but say the name today — make a casual reference to what "Jack" was thinking — and no one in the capital where he reigned for a thousand days will know for sure whom you are talking about. But utter the two syllables of Robert Kennedy's nickname — just say the word "Bobby" in McCormick and Schenck's downtown power-lunch restaurant, or in the Speaker's Lobby of the House, or in the White House Mess — and everyone within earshot will know to whom you refer.

Everyone will know you are talking about Robert Francis Kennedy, senator from New York, winner of the California primary, possible nominee of the Democratic Party, shot in the pantry of the Ambassador Hotel in Los Angeles, June 5, 1968, and pronounced dead at 1:44 a.m., June 6, 1968. He was 42 years old.

High court rejects Starr bid for ruling

■ PROBE

Continued from Page A1

cision until late summer or early autumn, and either side would then



Shirley Goodgreen showed signs of life

THE PRESIDENT HAS BEEN
6-8-98

THE NEW YORK TIMES OP-ED TUESDAY, JUNE 2, 1998

Reasons To Ratify, Not To Stall

By Sidney D. Drell

The nuclear tests by India and Pakistan have led some in the United States Senate to seek further delay on the Comprehensive Test Ban Treaty, which has already been awaiting ratification for more than a year and a half. Senator Trent Lott of Mississippi, the majority leader, said on Friday that "the nuclear spiral in Asia demonstrates the irrelevance of U.S. action" on the treaty, calling the pact "unverifiable and ineffectual."

To the contrary, the treaty's international monitoring system, when used in combination with our own intelligence resources, provides the means to verify the test ban effectively. Moreover, a quick vote in the Senate approving the treaty is an essential response to the South Asian nuclear gambit.

While it is true that American intelligence failed to provide imminent warning of India's first three nuclear tests on May 11, we were well aware that the technical preparations had been made for testing. Furthermore, the global network of seismic sensors that will form the core of the treaty's verification system *did* detect, locate and identify the main nuclear blast that day.

It is evident that the system also proved effective in detecting Pakistan's tests, both on Thursday and on Saturday. And the treaty calls for the monitoring system to be beefed up. Also, the treaty would allow us to request a short-notice, on-site inspection if we had any evidence suggesting that a nuclear weapons test might have occurred.

India has claimed that its last two

Sidney D. Drell, a physics professor at Stanford University, has advised the United States Government on national security since 1960.



Sergio Ruzzier

announced tests, on May 13, had very low yields, in the subkiloton range. Whether or not we succeed in corroborating possible tests of such relatively small magnitude, we need to remember that very low yield tests are of questionable value in designing new nuclear weapons or confirming that a new design will work as intended. Any failure by the monitors to detect such tests is not the proper benchmark for determining the system's — or the treaty's — effectiveness.

I know from my own work for the Director of Central Intelligence, George Tenet, that the existing monitoring system did the job last summer, detecting a "seismic event" off Novaya Zemlya in Russia and eventually helping to determine that it was not from a nuclear test. Our intelligence services are rightly assigned the task of monitoring for nuclear explosions, with or without the treaty. But with the treaty, additional sensors would be deployed in a global network that would complement our own intelligence. Some of these additional sensors would be "aimed" at the subcontinent. And with the treaty, we could request on-site inspection of suspicious activities.

The test ban treaty — which has already been signed by 110 nations

and ratified by our nuclear allies, Britain and France — provides the legal framework for a long-term solution to the problem of nuclear testing in India and Pakistan. The best way for these two nations to begin

Senator Lott is wrong about the test ban treaty.

addressing the international condemnation and sanctions that have resulted from their tests is for them to sign the treaty, without condition. Senate ratification would strengthen our hand in pushing India and Pakistan toward a responsible course, and it would help dissuade other states from going down the dangerous road of developing nuclear weapons.

Senator Lott also expressed concern that the treaty "will not enter into force unless 44 countries, including India and Pakistan, ratify it." Precisely for this reason, Article 14 of the treaty calls for a review con-

ference in September 1999 to look for ways to put the treaty into effect if it has not been approved by all 44 nuclear-capable nations (i.e., those with nuclear weapons or with nuclear reactors for research or power).

Only those nations that have ratified will have a seat at that conference. Thus the United States must ratify the treaty this year if we are to be a leader, as we must be, in an effort to put the treaty into force.

Previous Senates have shown that they can act quickly and courageously on such matters. When President John F. Kennedy submitted the Limited Test Ban Treaty to the Senate in 1963, the Foreign Relations Committee held its first hearing four days later, and the treaty was approved by the full Senate in less than two months.

Yet in the wake of the Indian and Pakistani tests, it would appear that the Senate will not act even to bring the treaty to a vote. Inaction will not help to deter further nuclear tests or reduce nuclear dangers. Rather than pointing to India's and Pakistan's tests as an excuse for inaction, the Senate should be approving the treaty without delay.

Four decades ago President Dwight D. Eisenhower said that not achieving a nuclear test ban "would have to be classed as the greatest disappointment of any administration — of any decade — of any time and of any party." It would be tragic if once more we fail to seize this opportunity.

Rocket Launching, on the Cheap

By Gregg Easterbrook

The controversy over President Clinton's decision to allow American satellites to be launched atop Chinese rockets has focused on campaign contributions and on whether China received technical help from American companies to improve the accuracy of its intercontinental ballistic missiles. But the root-cause question of the scandal has gone unasked — why are American satellites sitting atop Chinese launchers at all, rather than arcing skyward from the space installations American taxpayers have spent billions to construct?

Answer: the continuing reluctance of American space officials to build low-cost rockets. Our space program leads the world in technical ability and in spending. But it has fallen behind nations like China and Russia in the ability to launch satellites at an affordable cost.

It now costs \$10,000 to \$12,000 a pound to launch a payload using the services of the National Aeronautics and Space Administration, its affiliated contractors or the Pentagon (whose space spending rivals NASA's). China charges \$4,000 to \$5,000 per pound. For a commercial satellite like the one Loral Space and Communications won permission to launch from China, this price differential can represent a savings of \$50 million or more.

In the last decade, Presidents Bush and Clinton signed 11 waivers that allowed 21 satellites to be launched from China. Other American satel-

lites have flown on French or Russian rockets, which also charge appreciably less than their American counterparts. Neither President would have had to contemplate handing over sensitive American technology to foreigners if the American space program had controlled the costs of launching payloads on American rockets.

Though labor is cheaper in a coun-

Blame NASA, not China, for the satellite deals.

try like China, the main explanations for the high costs in the United States are bureaucratic intransigence and antiquated rocket designs. America's space agency has done an admirable job in recent years of controlling the costs of its unmanned planetary probes. But it has failed to adopt an ethic of savings for services related to launchings, the largest item in the space budget.

A large part of the problem is the reliance on the space shuttle to launch various craft into orbit. At a price tag of around \$400 million per trip, the shuttle is so expensive that it will cost more for NASA to orbit and service the components of the new international space station (around \$24 billion) than it will cost to build the station (about \$17 billion). To justify manned space flight and the space shuttle, NASA has for three decades shunned research into the type of relatively inexpensive rockets China and other nations now feature. The last wholly new American rocket, the Saturn V, took flight in 1968.

Officials in the Reagan, Bush and Clinton Administrations have asked for more affordable American rockets, but NASA and Pentagon officials have rebuffed these efforts, for fear of losing the golden goose of high launching costs.

For instance, President Reagan knew there could never be a Strategic Defense Initiative without an affordable way to put the military payloads into orbit. But NASA and the Pentagon studied only designs that were even more expensive than the space shuttle, like launchers using "slush hydrogen," an exotic fuel, or large Air Force spaceplanes with fantastically complex "hypersonic" propulsion. Billions were spent on these ideas; none ever flew.

Recently, the Pentagon started to develop a cheap booster. Its program, known by the clunky name Evolved Expendable Launch Vehicle, will use modern materials and engines to construct rockets that are competitive with foreign designs. In addition, NASA is working on the X33, a promising craft that would create the first "single stage to orbit" vehicle, able to blast off to space and return in one piece. But full-scale operation of either design is years away. Several start-up companies, noting the absence of affordable American rockets, are now designing what may become the first generation of entirely private space vehicles.

By neglecting the need for affordable rockets, American space policy not only created the conditions that led to the satellite deals with China, but it also has jeopardized its own hopes for the future.

Grand goals like the space station will become practical only once we design new launching vehicles that operate at an affordable price. Then we won't have to rely on potential adversaries to launch sensitive American technology into space.

Gregg Easterbrook is the author of the forthcoming book, "Beside Still Waters."

Meet the New Girl

By Thomas Vinciguerra

The news that the Spice Girls have lost Geri Halliwell — aka Ginger Spice — has loosed a flurry of rumor and innuendo.

But the most extraordinary claim, apparently factual, is the Girls' own assertion that the pop group will continue, albeit as a foursome.

This is impossible. Any construct as prefabricated as the Spice Girls must inevitably fall apart when one

of its supporters as all good of the perfect r

With that can tour — suggested re each of who against any

• Ally Mc a high-powe boyfriends. Dances to the tick of a biological clock with an animatronic baby last seen in "2001: A Space Odyssey."

• Self-Loathing Spice: Embodies the I-hate-myself-and-I-want-to-die ethos of Janeane Garofalo.

• Mary Ann Spice: The girl next door, as opposed to Ginger.

• Mall Rat Spice: No offense intended, but the average audience member needs at least one role model to identify with.

• Pete Best Spice: The so-called Sixth Spice or "Stu Sutcliffe Spice."

• Old Spice: Not an after-shave but a sorely needed reminder of the transience of youth — and of the group.

• MacSpice: To see how short a kilt can be.

• Leonardo Spice: Because girl power can go only so far. Anyway he's the prettiest.

• Smart Spice: Are you kidding? Actually, that was Ginger. Too! the money and her 15 minutes — an ran.

Thomas Vinciguerra writes frequently about popular culture.

TB Sandy (Gues) / Pabun
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THE PRESIDENT HAS BEEN Weathering the Storm
 6-8-98

The Southeast Asians Did Some Things Right

By BARBARA CROSSETTE

THE ruins of crony banks and businesses built on corruption and special favors litter the devastated economies of Southeast Asia, making it easy to notice what the region's leaders did wrong.

But buried under the rubble are a number of things that these societies did right — steps they took, or societal strengths they preserved, that may soften the trauma of the economic crisis they are going through. These are characteristics largely unmatched by Latin American, African and South Asian nations like India and Pakistan. And they may well

Management skills and education offer hopes for recovery.

serve as a cushion on which the societies of Southeast Asia can bounce back once the economic panic recedes.

Jean-Michel Severino, the World Bank's vice president for East Asia and the Pacific, cites three major achievements. The most obvious is "the good macroeconomic management that prevailed in the region for 20, 30 years — tight monetary policy, no fiscal deficits, a kind of caution in the way public affairs were run," he said. "Unlike the Latin American countries, this will be the cushion that will allow them to absorb better the costs of financial restructuring."

Second was the "outward looking" character of many of the region's economies, which took to the export trade with alacrity. Even though trade within Asia has crashed for now, they do not need to learn how to live in a global market.

Finally, Mr. Severino cited "the tremendous investment they have made in education" and the quality of economic, business and government management it has produced.

Ever since Southeast Asia's economic crisis began with a meltdown of Thailand's banking system last summer, it has been tempting to



Schoolchildren gather for a rally in Seoul, where a history of emphasizing education has paid off by producing high-quality business managers.

envision economic catastrophe followed by uncontrollable political turmoil. The forced resignation of Indonesia's President, Suharto, strengthens that impression. Last week, tens of thousands of South Korean workers went on strike to protest layoffs even as Hong Kong's stock market plunged 5.3 percent and economists talked of a "contagion" that has now helped undermine Russia's financial reserves.

But what if the economic slide can be halted? Is there a base on which recovery might be easily built, making political stability more likely? A number of experts think there is.

Take education. By the mid 1990's, nearly all of Southeast Asian children of primary age were in school, and college enrollment rates were

considerably higher than in the India-Pakistan area — as was literacy, especially among women. And the people of Indonesia, the Philippines, Thailand, Malaysia and Singapore had at least twice — in some cases 60 times — as much income per capita.

Led by Thailand, several Southeast Asian nations have also cut birth rates substantially by making safe family-planning methods readily available to most ordinary people.

James H. Nolt, assistant professor of political science at the New School and senior fellow at the World Policy Institute in New York, said educational investment has produced not only managers and competent public officials but also a large pool of skilled engineers and technicians. "These gains will survive the economic

crisis and allow these countries to be competitive producers again," he said.

And with such educated managerial and middle classes, he said, "the old forms of political rule are more subject to challenge than they might have been in a more traditional, agriculture-based society."

Democracy Helps

The evolution of politics toward multi-party democracy has been most striking in Thailand, traditionally a self-contained monarchy. John Brennan, a senior research scholar at Columbia University's East Asian Institute, said Thailand "has had enormous success in the last nine months," having headed off martial law, adopted a new constitution,

changed governments, removed the head of the central bank and recovered some economic ground.

Noeleen Heyzer, a Singaporean who is executive director of Unifem, the United Nations development program for women, says educational spending — 20 percent or more of the budget in some countries — did not bypass the grass roots, as it did in many other regions.

She pointed to rural education in Malaysia, which lured American and other computer giants to provide the kinds of jobs that would bring social development. Visitors to the country's free trade zone on Penang Island a decade ago, for example, could see demure Muslim women in head scarves at work on circuit boards.

"You had women and men who

were able to build up strong economic assets," Ms. Heyzer said. "And in introducing the idea of computers to rural women, a mind-set was changed. So when you get information technology, it is not something dramatically new." Meanwhile, she said, Singapore was moving "from a trading center to a labor-intensive industrial structure to a more high-tech economy and eventually to service-information technology."

Confronting Corruption

Singapore, under the socially-visionary but politically intolerant Lee Kuan Yew, took another step not emulated by its Asian neighbors. It sought to eliminate corruption — "Asian business practices," they were called — which sapped the strength and spirit of Thailand, the Philippines, Indonesia and Vietnam.

Nihal Jayawickrama, executive director of Transparency International, a private group based in Berlin that fights corruption worldwide, said that both Singapore and Hong Kong tackled corruption in ways his organization would not advocate — by fiat rather than through the natural cleansing process of open elections, a strong and independent judiciary and a free press. "But I think the fact that the currencies of those two countries were affected least last year seems to suggest that there is a link between corruption and economic crisis," he said.

Southeast Asia has a lot of other unfinished business, most experts agree. The specter of racial attacks on wealthy Chinese minorities who have had important economic roles hang over Indonesia and to a lesser extent Malaysia, where laws that give native Malays economic privileges are now being rethought. Everywhere social services are weak, the poor are often without health care and the unemployed have no source of compensation. The relative equality and mobility of women has often led them into exploitation in the sex industry or domestic servitude. And traditional family support systems are under stress in rapidly industrializing and urbanizing economies.

Still, the foundations of the economic miracle remain, said Mr. Severino of the World Bank. "They are the rocks on which we can build hope for the recovery of the region."

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Sickle cell treatment is reported

C. Jennings / cc Winston

WASHINGTON - A new type of genetic therapy may provide a way to control sickle cell anemia, the painful, disabling disease that strikes many black people.

In an experiment, Duke University scientists were able to change sickled blood cells into normal cells using proteins that correct mutated genetic instructions.

Dr. Bruce Sullenger of Duke University, lead author of the study, to be published today in the journal Science, said that the new technique does not change the mutated genes, but rather corrects the mutation in a molecule that carries the genetic message to blood cells.

The cell makes proteins, including for red blood cells, based on blueprint contained in the genes. In instructions are carried into by a molecule called RNA. In the Duke experiments, Sullenger said the sickle cell mutation corrected by changing the instructions contained in the RNA molecule. Other attempts at gene therapy have targeted the genes to write the instructions instead of the RNA that carries the instructions to the cell.

Sickle cell anemia is a genetic disorder that causes the production of an abnormal type of hemoglobin, the molecule in red blood cells that carries oxygen to all cells.

Cells with sickle-shaped hemoglobin are easily destroyed, and do not circulate with the ease of normal, rounded hemoglobin cells. This can cause stroke, kidney disease, joint problems and difficulty in breathing. Death often is caused when blood flow is cut off to vital organs.

Sickle cell disease was once lethal at an early age, but now patients, treated with transfusions and other therapies, often live past 40.

Eight to 13 percent of Americans whose ancestors came from Africa or the Middle East carry at least one sickle cell gene. However, both genes that make hemoglobin must be mutated for the disease to occur. About one-third of 1 percent of all blacks in America have the disease.

In the Duke study, scientists created a ribozyme, a type of enzyme that can clip and correct the message carried in RNA, to fix sickled hemoglobin in a test tube and in laboratory dishes. The work has not

Boston Globe

GLOBE • FRIDAY, JUNE 5, 1998

Szep's view

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Letters to the Editor

First step: Make schools better

As a parent of a child "sen-
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guess what? Most of the latter are in
my own neighborhood.

The current assignment system
needs improvement. But so
schools. As a frus-

From welfare to work

The-sky-is-falling mentality that
the Human Services Coalition is at-
tempting to foist over the 24-month
time limit for welfare recipients is
similar to the alarmist prophesies
that were made during the welfare
reform debate in 1995

lowered incomes and cutbacks in government services.

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unemployment rose
cent within a year.

Although social indicators, such as infant mortality rates and average years of schooling, continued to improve in Latin America, they did so at a slower pace, and there were widespread cutbacks in social spending.

In the 1995-1996 crisis, real wages in Mexico fell by more than 30 percent. In Argentina, unemployment rose by 6 percent and remained at around 18 percent of the work force for more than two years. As a result, poverty increased by more than 50 percent.

spread only to Argentina.

What can East Asia learn

Saucy - Juteedtan Nuclear Equilibrium

THE PRESIDENT HAS SAYS
By Philip Bowring
6-8-98

HONG KONG — No one welcomes nuclear tests. However, the Pakistan tests were not only unsurprising but, in the general scheme of things, have some beneficial consequences.

- They restore nuclear equilibrium to the subcontinent. India and Pakistan have known for years of each other's capability. Now that they are both out in the open, relations can return to the status quo ante. That is not ideal, but it is unlikely to lead to nuclear conflict.

- They give one Muslim nation a nuclear capability. The Islamic world has been quite reasonably outraged by suggestions that Muslims, uniquely, could not be trusted with nuclear arms. Breaking this taboo has made the world safer by reducing the appeal to the Iraqis and Libyas of achieving glory by being the first nuclear Muslim nation.

- These tests, like India's, underline the impossibility of externally imposed nuclear nonproliferation rules. Nations may decide that such weapons serve no defense purpose at present. But the limitation of nuclear weapons can no longer

rely on American arm-twisting.

- The new multipolar world implies that the United States and the other "old" nuclear powers must use their influence to keep balance: to limit aggravation between new powers, and to cooperate with them to address problems of potentially nuclear "rogue" states.

Neither India or Pakistan is anywhere near rogue status. Indeed they are much further from it than China was when it became a nuclear power.

The Pakistani tests by law induce U.S. sanctions. In reality, however, they mean that Washington can — indeed must — treat all sanctions as token.

The blasts may even restore some balance to U.S. Asia policy. They should help Bill Clinton before his China visit, and at a time when he is accused of being overly influenced by Beijing. Immediately after the Indian tests, Washington's threats made U.S. policy look lopsided. Now America can spread its displeasure without seeming unfair to any of the three official Asian nuclear nations.

International Herald Tribune

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- Fir... means putting the agenda. Latin America makers' energy restoring macro-bility and im-plural reform. E opportunity to p at the forefront.

The immediate Latin American drops in income and public service had widespread consequences. Increased demands work more, the redren from school olence — both on in the home. It is take action on a w fronts.

- Second, the c response can be c were often weakne America's. Even i funds that were cushion the social nomic adjustment success was at bes cause beneficiaries necessarily those w jobless by the crise

East Asia has the to draw on the knowledge both from region and elsewhere does, and does not,

Chile implement scale public works p provided employment: part of the work force wages ensuring the needy were the ma pants. Jamaica had cess in improving th of food subsidies.

But in Mexico and general subsidies were out the introduction tively targeted alterna middle of a crisis may best time to cut sut

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THE PRESIDENT HAS SEEN
6-8-98

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EDITORIALS/OPINION

Gingrich in the Middle East: Mouth Open, Foot in It

By Richard Cohen

WASHINGTON — For Newt Gingrich, the unaccountable has become the unacceptable. He expected President Bill Clinton's approval ratings to be in the low teens by now, and instead they have hovered in the Sinatra-Diana range. He expected his recent book to do well, but it lunged for the very bottom of the best-seller list, held on for a week and then fell or jumped to oblivion. This spring has been the winter of Newt's discontent.

And so to the surprise of no one, Mr. Gingrich started to open up on Mr. Clinton. Daily, he lambasted the president as immoral and corrupt and then, in a feverish fit induced by frustration and political greed (more about that later), flung himself into the Israeli-Palestinian negotiations, assuming the role of the older brother: He wasn't going to let Billy kick around Bibi.

Bill Clinton is, in fact, pressuring Benjamin (Bibi) Netanyahu to make further concessions to Yasser Arafat. The administration has suggested that Israel pull back from an additional 13 percent of the West Bank. Mr. Netanyahu has said 11 percent and no more — the 2 percent, he has said, being the difference between something like life and death.

This cry about security has now been taken up by Mr. Gingrich. "When I see

an American diplomat suggest to Israeli generals that our understanding of their security needs on the West Bank is better than their understanding — I'm looking at somebody who's been in fancy hotels too long and out of touch with reality," Mr. Gingrich said, presumably from a Motel 6.

Mr. Gingrich did not say who this "American diplomat" might be, but we may assume he had Secretary of State Madeleine Albright in mind. Earlier this month, he called her "the agent for the Palestinians" — a phrase he either forgot or would like others to. At first he denied having said it and then, when confronted with the quote, he attacked Mrs. Albright's spokesman, Jamie Rubin, for mentioning it. If, however, Mr. Gingrich is sorry for what he said, he just ought to say so.

In fact, he ought to shut his mouth entirely — especially when abroad. He once promised Mrs. Albright that he would be a Vandenberg to her Acheson — a reference to the cordial bipartisan relationship established by Republican Senator Arthur Vandenberg and Secretary of State Dean Acheson from 1949 to 1951. But instead Mr. Gingrich is

coming on like Joe McCarthy. The word "agent" has an odious connotation. It suggests, in fact, a hidden agenda.

But it is Mr. Gingrich who has the agenda. In his recent visit to Israel, he made clear that he has an anti-Palestinian bent. He declared Jerusalem the now-and-forever capital of Israel when that, as he knows, is a passionate issue yet to be negotiated. It is precisely the sort of statement that can induce Arabs to dash into the street and throw rocks.

The Middle East negotiations are at an extremely delicate stage in which, on any given day, it looks as if a deal can be reached. For all Mr. Netanyahu's insistence that 13 percent would amount to an unpardonable security risk, he has all but accepted it in principle. His anxieties, in fact, may be totally unrelated to security and linked instead to domestic politics. Some of his right-wing political allies do not want to give the Palestinians an inch.

Mr. Gingrich, too, may be more interested in politics than he is in strict security matters. He may sense, as others have, that President Clinton's nudging of Israel has produced some unease in the Jewish American community. Polls suggest that American Jews think Mr. Clinton is on the right track, but embedded in the dissenting

minority are some awfully rich folks — Democratic givers who might be persuaded to switch to the Republicans. That, as much as security for the West Bank, may be on Mr. Gingrich's mind.

Whatever the case, the speaker is playing with fire. Mr. Netanyahu is a notoriously unpredictable fellow who vacillates between accommodating the Palestinians and rebuffing them. He has an inflated view of his standing in Congress (the Israeli press quoted him as vowing to "bum down Washington" if Mr. Clinton publicly blamed him for scuttling the peace process), which Mr. Gingrich has done precious little to correct. His political allies are some of the most reactionary and fanatical elements in Israeli society — zealots who want land more than peace. They know what God intends.

Others, though, are less sure. In fact, a good many Israelis think there will be no security until Israel and the Palestinians reach an agreement about land. Mr. Gingrich has now complicated that process, encouraging Mr. Netanyahu in his intransigence and Arab radicals in their bitterness. If the Nobel committee gives a booby prize for peace, this year's winner is a foregone conclusion.

Newt, take a bow.

The Washington Post

There's More to Blair Than Simply 'Cool'

inn

The meetings

By William Pfaff

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6-8-98

THE WHITE HOUSE
WASHINGTON

33 JUN 8 1998

June 5, 1998

MEMORANDUM TO THE PRESIDENT

FROM:

STEPHANIE STREETT
MARY MORRISON

SS
MM

SUBJECT:

APPOINTMENT WITH IAN MCWILLIAMS

You should probably get your hair cut sometime next week. These are your options:

Wednesday, June 10 sometime around 8pm, please note you have a Strategy Meeting and Taylor Branch meeting. _____

Thursday, June 11 after the Congressional Picnic, sometime after 8:00pm. _____

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6-8-98
THE WHITE HOUSE
WASHINGTON

June 6, 1998

MR. PRESIDENT:

Attached are two information memos responding to requests you have made. Each requires a budget amendment, which, if you have no objection, I will have executed on your behalf on Monday and sent to the Hill in advance of appropriations mark-ups.

OK → 1) **Port of New York-New Jersey:** Jack Lew, Gene, Katie and Larry Stein have come up with a way to fund the Army Corp of Engineer project to deepen the main transportation/shipping artery in the port. The offset involves \$22 million in unused/unobligated money in the DOE budget; DOE had planned to use this money to augment the Climate Change Technology Initiative, which Congress will likely underfund. Instead, your economic/environmental team has recommended using the money for the port project. Todd does not object.

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OK → 2) **Chemical/Biological Weapons:** Jack Lew and Sandy Berger have sent you a memo describing a \$294 million budget amendment to pay for additional efforts to defend against domestic use of CBW. This money is in addition to the almost \$1 billion in your FY '99 budget request and focuses on public health efforts; training and equipment for "first responders" and law enforcement; and research. The offsets, agreed upon by the various agencies, include \$116 million from Bureau of Prisons operations due to delays; and \$80 million across the board from increases in spending from FY '98-'99, excepting FDA and Indian Health Services.

Phil Caplan

6-8-98

THE WHITE HOUSE
WASHINGTON

June 5, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Jacob J. Lew
Gene Sperling
Kathleen A. McGinty

SUBJECT: Additional FY 1999 Funding for the Port of New York and New Jersey

You asked on Monday how we could find \$22 million in additional funding for the Army Corps of Engineers' project to deepen the Kill Van Kull (KVK) channel, the main transportation and shipping artery in the Port of New York and New Jersey. We recommend that you transmit a budget amendment to Congress before the House Energy and Water Subcommittee takes up the FY 1999 appropriations next week.

Background

The Corps is deepening the KVK channel in two phases. The first phase, completed in 1995, deepened the channel to 40 feet. The second phase will deepen the channel to 45 feet at a total cost of about \$1.1 billion, about \$500 million of which is Federal spending. The second phase will take about 10 years on an optimum schedule.

In the FY 1998 appropriations, Congress added \$500,000 to begin construction. The Corps of Engineers has the capability to spend about \$32 million on the project in FY 1999. Your 1999 budget includes \$10 million to continue construction, a level that balanced the need to fund Corps projects now under construction with the need to fund a limited number of important new projects, such as KVK. This funding level for KVK will delay project completion by several years, relative to the ten-year optimum schedule. Tuesday's Senate Energy and Water Appropriations Subcommittee mark-up provided \$19 million for KVK.

Criticism of the Administration's budget request has been sharpened by an announcement in April by the major Port operator (Maersk-SeaLand) that it is considering a move to Norfolk, Virginia or Halifax, Nova Scotia, if it does not receive greater assurances concerning completion of the KVK deepening. If they move, the International Longshoremen's Association (ILA) and other maritime unions could lose more than 50,000 jobs. The area would also lose a major transportation hub, and there could be severe economic impacts throughout the region. New Jersey representatives, joined by the ILA and other labor groups, are urging the Administration to request the full \$32 million for the KVK deepening.

The Administration's position dates to July 24, 1996, when the Vice President announced an agreement among environmentalists, longshoremen, and port shipping interests on an

Administration plan to resolve years of controversy over dredging and ocean dumping. This plan included a commitment that the Corps would study deepening the Port to 50 feet. While completing the 45-foot project for KVK is not an explicit commitment in the Vice President's plan, local interests believe expeditious completion of this project is implicit in his commitment to study a 50-foot project.

Offset Options

To be credible, any proposal to increase funding for KVK will have to be paid for with offsets. We considered two offsets to finance the additional \$22 million in 1999.

The recommended option is to propose a budget amendment to reallocate \$22 million from balances available within the Department of Energy. In its action on DOE's 1999 budget, the Senate Energy and Water Appropriations Committee identified these unobligated balances as its reason for providing less than the requested amounts for certain DOE programs in your budget. Although these funds are currently unobligated, DOE had planned to allocate them to their science and environmental cleanup missions.

While these balances are available, there is some concern about using funds for spending outside of the Department. Congress is likely to underfund the Administration's Climate Change Technology Initiative, and any additional resources within DOE -- such as these balances -- could potentially be used directly or indirectly to fund climate change activities. While it would be difficult to use these funds to support Climate Change activities, using them instead as an offset for KVK somewhat reduces our flexibility.

Another option, which we considered but do not recommend, is to reallocate funds from the Army Corps of Engineers' Columbia River Salmon Mitigation (WA) project. Many environmental groups, tribal interests, and others oppose some of the actions proposed for funding in 1999. The Senate Energy and Water Appropriations Subcommittee mark-up provided \$95 million for the Salmon Mitigation project -- \$22 million less than the budget request -- based on an agreement between Senators Gorton and Murray. There is little substantive risk associated with this offset, but CEQ is concerned that it could be misunderstood as weakening of Administration support for salmon recovery efforts, particularly in light of this week's Federal District Court decision striking down Oregon's salmon recovery plan and next week's Year of the Oceans conference, which you and the Vice President are attending. Because the salmon project and KVK are funded from the same account, this approach could be carried out through a letter from the Army Corps of Engineers to the appropriations subcommittees, rather than through a formal budget amendment.

Recommendation

OMB, NEC, and CEQ recommend that the Administration transmit the recommended budget amendment with the DOE offset to the Congress at the same time we send the budget amendment for chemical-biological terrorism preparedness.



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

6-8-98

THE DIRECTOR

June 5, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Jacob J. Lew, Office of Management and Budget
Samuel R. Berger, National Security Council

SUBJECT: **Proposed Budget Amendment for Resources to Counter Domestic Chemical and Biological Attacks**

Summary: You asked that we consider possible additional funding for efforts to defend against domestic use of chemical and biological weapons (CBW). Over the past three weeks, working with the agencies, NSC and OSTP, we have developed a proposed budget amendment that would provide an additional \$294 million in FY99. This package would be offset largely by reductions within the agencies themselves. It is supported by HHS, DoD, DOJ, FEMA, NSC, OSTP and OMB.

We all agree that threats from use of CBW are real. Much work remains to be done in order to formulate a comprehensive and cost-effective coordinated response. We will undertake a cross-cutting review of future budget requirements in the FY 2000 budget. *Nonetheless, in order to make the case that more resources should be made available in FY 1999, we should submit a budget amendment before appropriations markups are concluded. Since appropriations subcommittees are marking up rapidly and time is of the essence, we propose to send a budget amendment forward as soon as possible.*

Background: Your budget for FY 1999 already includes almost \$1 billion for programs related to chemical and biological weapons, and funding for CBW has doubled over the past three years. Over the past few weeks, we reviewed both the efforts already underway and possible expansions. We focused on:

- 1) Public Health: developing a stockpile for civilians and improving public health surveillance capabilities,
- 2) Training and equipment for first responders and law enforcement, and
- 3) Research.

We based funding on additions to and expansion of PDD-62: enhancing local first responders in a range of cities. We have also taken into account the fact that we do not yet have well-developed plans for the civilian antibiotic stockpile program or for additional research; out-year budgets would be decided over several years as a comprehensive strategy is devised.

I. Public Health

Civilian Stockpile. A major feature of this package is a new HHS program for making available sufficient antibiotics and other drugs to handle a large scale biological or chemical attack. This new stockpile should initially contain antidotes and antibiotics that are currently available. Funding for current and/or new vaccines and antivirals might be added in the future. The program will most likely be a public-private partnership through which drug companies would simply increase their inventories of key products and make stock available to the government at a pre-determined cost. We will work with HHS and DoD to determine the best and most cost-effective way to do this in the next several months. The initiative would allocate \$51 million to these activities in FY 1999. In the first year, this could pay for treating 1.5 million people if we purchase the drug -- and potentially more depending on the type of stockpiling arrangements we can negotiate with drug manufacturers.

Public Health Surveillance and Analysis. According to PHS and DoD, there is an acute need to increase our capacity to detect an attack, and rapidly identify the pathogen used. HHS has proposed to add \$43 million to CDC's existing efforts for FY 1999. These funds will assist state laboratories and epidemiologists, and will serve the dual purpose of supporting general purpose public health infrastructure.

II. Training and Equipment Acquisition for Responders and Law Enforcement

The 1999 Budget already funds training and equipping civilian first responders, largely for conventional and chemical threats. DOJ, NSC and OMB agree on a scenario which would provide an additional \$174 million for DOJ and FEMA training and equipment programs and modest increases for FBI's internal CBW capabilities. This funding, while consistent with PDD-62's general direction, goes beyond the activities and timetables prescribed in that document. It would complete the training and equipment cycle by 2001, versus PDD-62's goal of 2002. It would also provide resources for others besides first responders (e.g., FBI bomb squads, state and local law enforcement). We are not proposing to expand beyond PDD-62's 120 cities, except to ensure that all 55 States and territories are covered. We also agree on providing \$16 million for training and equipment for health-related emergency response through HHS.

III. Research

Both DoD and NIH have active research programs in this area. NIH spends about \$15 million annually, DoD considerably more. While scientists at NIH and DoD have been working together in individual cases, their work has not been part of an over-arching research agenda for developing vaccines and therapies for biological terrorist threats. OMB, NSC and OSTP agree that a clear research agenda needs to be established. We will work with HHS/NIH and DoD over the next three months to create a coordinated agenda targeted towards the most threatening viruses and toxins, based on our best intelligence. HHS has agreed to provide an additional \$10 million for NIH efforts in this area. DoD has also committed to an enhanced effort from existing resources, reprogramming if necessary.

Funding Offsets

The proposal would be financed entirely through an agreed-upon set of offsets for FY 1999, largely from the individual agencies themselves. In spite of initial agency objections to providing offsets, the success of the effort to finance the CBW initiative demonstrates the importance that the agencies assign to these efforts. The offsets proposed in many cases reflect difficult programmatic tradeoffs. Offsets include: for DOJ, \$116 million from Bureau of Prisons operations due to delays; \$10 million from FBI technology acquisitions; and \$45 million from excess balances in the working capital fund; for HHS, \$80 million across the board from increases in spending from FY 1998-99, excepting FDA and the Indian Health Service. An additional \$43 million will come from a variety of other accounts.

Recommendation

Propose a budget amendment of \$294 million for FY99 to enhance responses to threats of domestic use of chemical and biological weapons, funded from existing programs.



The Ickes & Enright Group

Suite 600

1300 Connecticut Ave., N.W.

Washington, D.C. 20036-1703

Heck

Phone: 202-887-6726

Fax: 202- 223-0358

jenright@jsdks.com

25 May, 1998

The Honorable William Jeffers
The White House
1600 Pennsylvania Avenue, N
Washington, DC 20500

Dear Mr. President:

Enclosed is a self expl
someone who admires you gr
GM Group, which is headqua
you.

Born in Cuba, Mr. M
successful businessman in Pt
and its relationship with the United States. I think you will find his views well worth
taking into account.

I hope all goes reasonably well. Please give my very best to Hillary and Chelsea.

Best wishes,

Heck

Harold Ickes

Cc: The Honorable Sandy Berger
National Security Advisor
The White House
1600 Pennsylvania, NW
Washington, DC 20500

Guillermo L. Martinez (w/o enc.)

Send to NSC? *burked*

Yes

No

*Coord with c.
NSC*

6-8-98

The Ickes & Enright Group

Suite 600

1300 Connecticut Ave., N.W.

Washington, D.C. 20036-1703



Phone: 202-887-6726

Fax: 202- 223-0358

jenright@jsdks.com

25 May, 1998

The Honorable William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

Enclosed is a self explanatory letter to you from a good friend of mine, and someone who admires you greatly, Guillermo L. Martinez, Chairman & President of the GM Group, which is headquartered in Puerto Rico. He asked me to transmit his letter to you.

Born in Cuba, Mr. Martinez left at an early age to become an extraordinarily successful businessman in Puerto Rico. He is a close and perceptive observer of Cuba and its relationship with the United States. I think you will find his views well worth taking into account.

I hope all goes reasonably well. Please give my very best to Hillary and Chelsea.

Best wishes,



Harold Ickes

Cc: The Honorable Sandy Berger
National Security Advisor
The White House
1600 Pennsylvania, NW
Washington, DC 20500

Guillermo L. Martinez (w/o enc.)



Guillermo L. Martinez
Chairman & President

May 18, 1998

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C.

Dear Mr. President:

First of all, please accept my warmest congratulations for your exceptional steering of the greatest nation in the world during the past 64 months. Your accomplishments will be praised long after we all are gone.

I am a proud Cuban-American who arrived in the hospitable shores of Puerto Rico, coincidentally on January 21st, 1961, which as you know, was the first full day of the John F. Kennedy administration, and have since been able to prosper in the great democratic and market-oriented society of modern Puerto Rico.

Thanks to hard work and my firm belief in the results it brings, I have built a business in the computer field that today employs over 300 professionals serving Puerto Rico and eight other countries in this hemisphere.

I am proud of what I have accomplished in this cherished island, but of course, Cuba remains in my memory and in my dreams, and it is my wish and hope that democracy and market reforms could be instituted before I grow too old to travel there and certainly before I ride into the sunset.

PO Box 364527
San Juan PR 00936-4527
tel/809 751-4343
fax/809 751-4970

Main Office
1590 Ponce de León Ave
Río Piedras PR 00926

Customer Engineering & DRC
1860 Ponce de León Ave.
Santurce PR 00910

PUERTO RICO • VENEZUELA • REPUBLICA DOMINICANA

The Honorable William J. Clinton

May 18, 1998

Page 2

In this respect, I would like to share with you some ideas I have about the resolution of the Cuba problem. I strongly believe that Fidel Castro will not leave Cuba voluntarily and it is also clear that his total control over Cuba will not allow any internal dissension to topple his government.

Jorge Más Canosa, even with the flaws he had, filled to great extent the job description of a leader, but now that he is gone, there is not a Cuban that could spearhead any kind of movement able to unify the exile forces and as you know, people only follow leaders.

So, in my opinion, the time is ripe to solve the Castro problem through skilled negotiations. What a beautiful dream I had, seeing you add to your impressive administration accomplishments the solving of a riddle that has eluded nine US Presidents!

Only you, dear Mr. President, can do this.

It is a little known fact that the initial trade embargo between Cuba and the US was imposed not by President Kennedy, but by the infamous Ernesto (Ché) Guevara, when in June of 1960, during his term as President of the Cuban National Bank, banned all purchases from the United States by denying import and exchange permits for all American made merchandise.

Guevara, with the approval of Fidel Castro, accomplished exactly what they wanted: they stopped all imports from the United States in the unfounded belief that their new Soviet (good riddance) communists masters would forever supply all that Cuba needed.

So that is the real cruel and criminal origins of the embargo....

The Honorable William J. Clinton

May 18, 1998

Page 3

As you are very well aware of, the Cuban right wing based mainly in Miami will fight dearly a compact with Castro, but I am sure that the majority of Cubans will welcome a long overdue solution to our estrangement.

I have a suggestion that might help break the impasse, which I think Castro may buy because he will not lose face in a big way. If accepted by him, you could open business with Cuba in a short time frame.

My idea is the following. Today, any foreign firm that invests in Cuba, lets say in a Hotel project, has to file a request to the Cuban Government to be supplied with the employees needed to run the Hotel.

The foreign entity pays the salary in dollars to the Castro government, who in turn pays the worker in pesos at an internally determined rate of exchange. This way the patronage is firmly in the hands of the government, and the worker has to toe the line in public, since his job depends on the total allegiance to the government and on his participation in rallies, assemblies, etc.

If you could negotiate with Castro a new policy in which he will allow investors to directly employ workers in exchange for your opening the gates to Cuba, I am sure it will create the environment for the Castro government to lose the stronghold it has over Cuba today.

Of course, Castro will not fall the next day and even at the outset he will look like the winner in an eye to eye confrontation with the world's greatest power. We may be losing the battle, but we will certainly win the war.

The Honorable William J. Clinton

May 18, 1998

Page 4

Lets not kid ourselves, on December 31, 1998, six and a half months from now, Castro will celebrate 40 years in power, second only to Kim Il Sung of North Korea, who lasted 45 years. HE WILL NOT GO, HE WILL NOT OPEN UP, unless he gets something important in return.

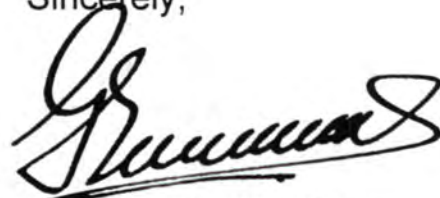
A last thought on this matter is the idea that a meeting between you and Castro, at the highest confidential level on a third world country, could get all this done. Additionally, I think that both he and you would enjoy tremendously this opportunity. Remember that he understands English, so waiting for the translator helps him to think through his calculated answers.

Mister President, again, you are the only one that can free Cuba, believe me. All Cubans will be grateful forever.

With my best wishes for continued success at the helm of our great nation.

May God bless you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Guillermo L. Martínez', with a stylized, flowing script.

Guillermo L. Martínez
Chairman & President

7-7

6-8-98

Send to NSC for reply

JUN 8 AM 9:37

Yes ☒
No ☐

June 4,

To Pres

We
Carter
propose
ginnin
frontat
stratic
cc: Counsel?

Yes ☒
No ☐

the
-
1-
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it

called in military attaches from many nations and warned them to relay word to their governments to beware of the ICC. I discussed this matter with Secretary Cohen, and he sent a fine delegation to meet with us yesterday.

I have tried to assess the issues from the perspective of a president, and at the same time to accommodate the need for an effective Criminal Court. We have given this subject a great deal of study and thought, and I believe it is possible for the United States to assuage its legitimate concerns and to assume an admirable position in the eyes of small nations and human rights activists. The proposal that I will outline below should be acceptable even to Jesse Helms!

1) Abandon the present public demands for special privileges for the United States, designed to prevent a "rogue" prosecutor or ill-constituted court from putting American servicemen on trial. These are understandable concerns, but we don't have to make them the focus of the American position.

2) Encourage full participation of responsible Non-governmental Organizations in the Rome deliberations, at least as observers. This would gain global approval from these groups.



JIMMY CARTER

98 JUN 8 AM 9:37

June 4, 1998

To President Bill Clinton

We have just concluded our second conference at The Carter Center on the upcoming meeting in Rome to define the proposed International Criminal Court (ICC). From the beginning, there has seemed to be a domestic and global confrontation between human rights activists and your administration. This was exacerbated when the Defense Department called in military attaches from many nations and warned them to relay word to their governments to beware of the ICC. I discussed this matter with Secretary Cohen, and he sent a fine delegation to meet with us yesterday.

I have tried to assess the issues from the perspective of a president, and at the same time to accommodate the need for an effective Criminal Court. We have given this subject a great deal of study and thought, and I believe it is possible for the United States to assuage its legitimate concerns and to assume an admirable position in the eyes of small nations and human rights activists. The proposal that I will outline below should be acceptable even to Jesse Helms!

- 1) Abandon the present public demands for special privileges for the United States, designed to prevent a "rogue" prosecutor or ill-constituted court from putting American servicemen on trial. These are understandable concerns, but we don't have to make them the focus of the American position.

- 2) Encourage full participation of responsible Non-governmental Organizations in the Rome deliberations, at least as observers. This would gain global approval from these groups.

3) Call for a strong court and prosecutors who have almost unlimited authority to investigate and prosecute those accused of enumerated crimes. Cease striving for legal procedures in the Security Council and other bodies that are obviously designed to benefit the United States.

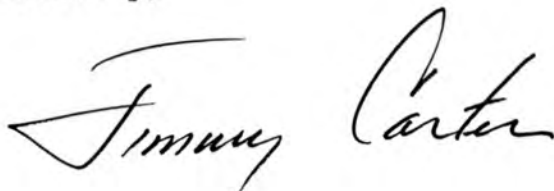
4) Here's the key: Confine our major argument to the definition of crimes to be prosecuted. These would encompass those that have precipitated demands for the ICC, including and perhaps limited to a) genocide, b) ethnic cleansing, c) crimes against humanity, and d) widespread persecution of women.

It is obvious that these crimes would never apply to Americans in military service. Our human rights associates, including Amnesty International, Lawyers' Committee for Human Rights, America Watch, etc. would be fully cooperative in helping to define the crimes, and most would support the proposal outlined above. We would certainly welcome an opportunity to participate.

I am concerned, as I'm sure you are, with the prospect of our nation seeming to be in a negative role in Rome, in opposition to NGOs, human rights groups, small nations, and citizens who fear oppression and abuse. With your leadership, we can assume the role of human rights champion -- and at the same time avoid any prospect of infringements on our sovereignty.

We would be glad, of course, to be of help with the many other contentious but relatively secondary issues.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

THE WHITE HOUSE
WASHINGTON

Date

6/8

To:

Rob Weiner

From:

The Staff Secretary

What do you think about
his woman's request re: a greeting
for a CD?

Phil

cc: Lisa Hertzner

Dan Burkhardt

Foundry United Methodist Church

Eileen M. Guenther, DMA
Minister of Music and Liturgy

*Schick
St. + Sec*

President William Jefferson Clinton
The White House
Washington, D.C. 20500-2000

May 21, 1998

Dear President Clinton,

Greetings! It's been wonderful to read about your European travels and all that has been accomplished in your meetings there.

Today, if I may be so bold, I have three reasons for writing you. The first is perhaps one of the more unusual invitations you have received as President. The Foundry Choir is recording a compact disc in several weeks and we are wondering if you would like to come and record "Precious Lord, Take My Hand" with us. This is the arrangement you have heard us sing several times in Foundry services, most memorably the Sunday before your second inauguration.

You are a wonderful singer and we would be *extremely honored* if this could miraculously be worked into your schedule. The recording dates are June 2, 3, and 5 from 6:30 PM on, and we would schedule the piece *whenever* you could be there. I am enclosing a copy of the music, along with a list of the pieces that are scheduled to be included in the recording.

My second reason for writing is to ask you to pen a letter or word of greeting that we could use in the CD booklet. We are the choir that has been heard by a sitting American President more than any other choir this century, I suspect, and your love of music, your knowledge of music, your appreciation of sacred music and what it contributes to worship would give you a unique perspective to share with those listening to the recording. Again, we would be honored if this is something you feel you could do.

My last reason for writing is to share with you the fact that I will be spending two weeks in Jordan this summer, on an archaeological dig near Amman. Since I was in grade school, I have wanted to participate in a dig -- and to be able to do so in an area so rich in Old Testament history will be a real thrill. I'll also have the opportunity to visit the ancient rose-stone city of Petra ("Selah" in the Old Testament) the first weekend in July and will travel to Jerusalem over the second weekend in July. [I hope the situation in Middle East stays nice and stable -- for lots of reasons, not just for my personal safety!]

Thank you for considering the invitation to record with us and our request to write a greeting for our CD booklet. May God continue to bless your work for the people of our country and the safety of the world.

Sincerely yours,

Eileen Guenther



1500 16th Street, N.W., Washington, D.C. 20036 (202) 332-4010

Foundry Choir

Precious Lord

No Brant arr. Sevier

No Brant

No Brant

p Precious Lord, take my hand; lead me on let me stand

p Precious Lord, take my hand; lead me on let me stand

p Precious Lord, take my hand; lead me on let me stand

p

allarg.

I am tired, I am weak I am worn

I am tired, I am weak I am worn

I am tired, I am weak I am worn

nah't

lah't

f Thro' the storm Thro' the night lead me on to the light

f Thro' the storm Thro' the night lead me on to the light

f Thro' the storm Thro' the night lead me on to the light

f

Handwritten: 35

take my hand lord and lead me home

25 take my hand

Handwritten: 33

When my way grows drear Precious lord linger

33

Handwritten: 40

near when my life is almost

40

fah'f

sub: P

sub: 7

1 ↓ 2 ↓

gone at the ~~river~~ Lord I stand!

river Lord

gone at the ~~river~~ Lord I stand!

46

Guide my feet and hold my hand; take my hand

take my hand

Guide my feet and hold my hand; take my

53

take my hand

Lord and lead me home. *Rit*

hand Lord and lead me home. *Rit*

59

FOUNDRY FAVORITES II: Sacred Music of America

COMPOSER	TITLE	PARTICIPANTS	TIME
Shaker, arr. Diettrich	Followers of the Lamb	Kerry + choir; tambourine	3:00
Shaker, arr. Davis	More Love	Choir + organ	2:00
Quaker, arr. S-W	How can I keep from singing	Small group	4:30
Shapenote hymn	May the Grace of Christ	Choir	1:00
Wertsch, Nancy	Amazing Grace	Patricia + organ	4:00?
Trad, arr. Thomson	My Shepherd Will Supply	Solo quartet	4:00?
Spiritual, arr. Shaw/Parker	My God is a Rock	Choir + Kerry	5:30
Spiritual, arr. Hampton	We are Climbing Jacob's...	Choir	3:00
Spiritual, arr. Dawson	Ride the Chariot	Choir + Susan	2:25
Spiritual, arr. Davison	My Lord, what a morning	Bobby + organ	6:00?
Spiritual, arr. Bonds	He's Got the whole world	Susan + piano	3:00?
Dorsey, arr. Sevier	Precious Lord	Choir	3:30
Androzso, arr. Liebau	If I can help somebody	Choir	5:15
Diemer, Emma Lou	Jesus Calls Us	Organ	2:40
Copland, Aaron	The Promise of Living	Choir, 5 soloists + 2 piano	5:00?
? Locklair, Dan	"The Peace May be Exchanged"	Organ	4:00?
Rorem, Ned	Sing, My soul	Small group	3:00?
Biery, Jim	Love Divine	Choir + organ	2:49
Pfautsch	Prayer of Dedication	Choir + organ	2:35
Gawthrop	Exultate	Organ	3:00
Diemer, Emma Lou	A Mighty Fortress hymn	Choir + organ	3:00?
Diemer, Emma Lou	Variations on "Reformation"	Organ	5:00?
Hymn 68	When in our music God	Choir + organ	3:00?

Young, hip and in power in Hungary

By Susan Milligan
GLOBE CORRESPONDENT

BUDAPEST - Hungary's new prime minister, Viktor Orban, bears a striking resemblance to a young Humphrey Bogart, and his vice chairman, Tamas Deutsch, wears an earring.

In an upset election last week, out went the grim-faced, 65-year-old Socialist, Gyula Horn, and in came the Young Democrats, or Fidesz, led by Orban and a coterie of equally young, hip, charismatic types. At 35, Orban, who is putting his centrist government together this month, will become the youngest prime minister in Europe.

For Hungarians, it came down to choosing between the party that represents Hungary's communist past, and that which may well represent its future - younger entrepreneurial types and defenders of the developing middle class.

Horn directed his campaign toward the working class and older people, promising free plane and train trips for senior citizens. Orban wooed the middle class and families.

HUNGARY, Page A24

Henley
Thoreau ce

Capred.
Benger
COS



Viktor Orban (second from right), the new prime minister, at a press conference in Budapest in May. Appearing with him, from left, are: Zoltan Pokorni, Tamas Deutsch, and Janos Ader.

They're young, hip, and in power in Hungary

■ HUNGARY

Continued from Page A1

promising tax cuts and the abolition of university tuition. His campaign ads featured the athletic-looking Orban playing soccer with his young children, while Horn's ads, typical of an earlier era of politicking, never mentioned his family.

The Oxford-educated Orban wants to create a new Ministry of Youth and Sports. In line with the increasingly computer-savvy Hungary, Fidesz has a Web site, in five languages.

Orban "represents an absolutely other generation" than Horn and the Socialists, said Laszlo Keri, a former professor of Orban and author of a biography on the incoming prime minister.

Last week's election seemed to officially close Hungary's communist chapter and open a new one that reflects modern Hungary. Budapest today looks like any Western European capital, with fashionable clubs, designer clothing stores, and world-class cultural activities.

The younger generation catapulted the Young Democrats to power.

"It's like the good smell of the fresh spring air - that's what Fidesz is about," said Young Democrats voter Geza Halmos, 26.

The choice, party officials said, was very much like the one facing Americans in 1992. Fidesz even

used a theme - "Do you want to be part of the past, or the future?" - echoing the Clinton-Gore campaign's call for change.

The campaign of British Prime Minister Tony Blair was also used as a blueprint, a party official said. "People voted for youth, energy, dynamism, instead of the old guys, the used guys, the known guys," said Zsolt Nemeth, Fidesz vice president and a founding member of the party with Orban.

While US voters saw the difference between two men born before and after World War II, Hungarian voters have a different, and highly emotional, historical watermark: 1956, when Soviet troops violently quashed an uprising against communist rule. Horn is believed by many to have participated in the crackdown; Orban was not even alive when it occurred.

"For this" new "generation, it's an historical question, not an hysterical question," Keri said.

Still, Horn presided over a remarkable time of economic recovery and development for Hungary, still making its transition from communism to a market economy and democracy. Economic indicators are all very strong, and Hungary has attracted \$18 billion in direct foreign investment - more per capita than any other emerging nation in the region. Western diplomats and investors credit much of that success with the austerity

package Horn engineered.

So why didn't voters reward Horn with another four years? For rank-and-file voters, "there was still a significant amount of pain and suffering" from the budget cuts and energy price increases in the Horn plan, said a political analyst, Tibor Vidos. "The positive influence was not really felt on the streets" in time for Horn's re-election campaign, Vidos said.

Those same Westerners are also a bit nervous about the shape the new government will take. Several parties attract sizable numbers of voters in Hungary, meaning that the leading party often must form a coalition with other parties to get a ruling majority.

Fidesz almost certainly will have to pair with the Smallholders, a right-wing party that is suspicious of foreign investment and involvement in Hungary. Its leader, Jozsef Torgyan, wants to ban the sale of farmland to foreigners, a move that would frustrate Hungary's efforts to get into the European Union.

Nemeth said Fidesz would keep Torgyan under control and force new elections if Torgyan tried to interfere too much. Torgyan "is a very flexible, pragmatic person," Nemeth said. "He may realize that this is a chance" to govern "that may not reoccur for him."

6-8-98

THE WHITE HOUSE

WASHINGTON
June 6, 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) DPC Report

(I) Tab A - Yellen / COS

(F) Tab C - Reed / Kagan / Emanuel / COS

(F) pgs 4+5: Emanuel / COS / Scheduling
pgs 6: Stein / COS

(C) Tab D - Sperling / COS
pgs 3+4: Emanuel / COS

(E) Tab E - McGinty / COS

(I) Tab F - Stein / COS

(J) Tab G - Jones / Bowles

(J) Tab H - Emanuel / COS

(K) Tab I - Waldman / COS (Waldman memo)
Lewis / Spector / COS (Lewis memo)

(C) Tab K - Echaveste / COS
page 3 - Burkhardt for response

(I) Tab L - Ibarra / COS

(I) Tab M - Winston / Matthews / Bowles

Tab N - Marshall / COS
page 12 - Burkhardt for response

Tab O - Smith / COS

development of new power relationships in the region, and saw China as "gaining more leverage," while in their eyes the U.S. seemed less able to influence events in the region. Analysts in Egypt and Israel drew direct connections between Pakistan's nuclear testing to security issues in their region. Analysts in Israel noted again what they perceived as the "failure" of American intelligence and asserted that "even the most moderate of Muslims now links Israel's position on the second redeployment with the Pakistani bomb."

SOCIAL SECURITY ADMINISTRATION

- **Year 2000 Computer Problem:** On June 2, the House Subcommittee on Government Management, Information, and Technology released grades on the Federal Government's progress toward solving the Year 2000 computer problem. SSA earned an A+ this quarter by achieving 92 percent compliance and by paying close attention to contingency planning and external data exchanges. SSA was also given credit for actively assisting other agencies in their Year 2000 efforts.

cc:

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

*Thank you
 to SSA for person
 in charge of the*

Dan Burkhardt:
 Please coordinate
 the reply.

*coord with
 Erskine*

THE WHITE HOUSE
WASHINGTON

June 5, 1998

6-8-98

copied
Marshall
COS
Page 12
Burkhardt for
response

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. T.M.

SUBJECT: Summary of Cabinet Weekly Reports
May 30 - June 5, 1998

SPENCER, SD TORNADO RELIEF

- On May 30, a tornado destroyed over 250 buildings in the city of Spencer in McCook County, SD, killing six persons and injuring 150. On June 1, you declared a major disaster in the State. On June 3, the Vice President toured Spencer and announced that several federal agencies are providing assistance to affected individuals in McCook County. SSA is coordinating with local banks and post offices to ensure that Title II and SSI beneficiaries receive benefits. SBA has sent five employees to help residents fill out applications for long-term, low interest loans. HUD approved \$1 million in block grants to speed recovery in housing, businesses, and public works. FEMA has made available grants for temporary housing and home repairs. DOL has approved \$500,000 in emergency funding to create temporary recovery-related jobs.

MEXICAN FIRES AND TX SMOKE

- On June 4, at your direction, Secretary Glickman reviewed firefighting efforts in Mexico's Chiapas region. He was joined by USAID Administrator Atwood, Forest Service Chief Dombeck, and Mexican Government officials. They will forward a report to you about their trip. DOC's National Oceanic and Atmospheric Administration continues to provide meteorological support to the White House, USAID, and other Federal agencies to help assess the impact of the smoke from the Mexican fires. On June 3, the State of TX reimposed a health advisory because air pollution originating from the fires is expected to return. New monitors installed by EPA have recorded just one exceedance of the new public health standard for soot. One instance so far where the air quality exceeded the health standard does not by itself present a threat to public health.

DEPARTMENT OF TREASURY

- **Korea:** On June 10, Secretary Rubin will meet with Korean President Kim, Minister of Finance and Economy Lee, and other Korean officials at Blair House. President Kim is likely to seek tangible expression of U.S. support, including increased ExIm credit commitments and supplemental bilateral funds. Treasury will continue to emphasize that the key to Korea's full economic recovery is to put in place and sustain the strong policies that are being supported by the international financial institutions.
- **Indonesia:** The IMF plans to send its team back to Jakarta to undertake an in-depth review of Indonesia's IMF program. This review will take several weeks, as the program will likely need to be revised in light of the deteriorating economic situation, and Treasury will continue to watch the fluid political situation. On June 2, the World Bank, with Treasury's encouragement, approved a \$225 million rural employment project loan for Indonesia. The resumption of other non-humanitarian MDB lending will most likely proceed in the next few weeks, after the IMF has had a chance to review the macroeconomic situation.
- **Operation Casablanca:** On June 11, Under Secretary Kelly will testify on money laundering and Operation Casablanca before the House Banking Committee. Treasury has been working with Chairman Leach to provide technical guidance on a bill to be introduced this week which would give Secretary Rubin more jurisdiction over the government's strategy to fight money laundering. Treasury does not anticipate that the bill will be taken up this session.

DEPARTMENT OF JUSTICE

- **Regulation of Tobacco Products:** The Fourth Circuit Court of Appeals will hear arguments on June 9 in a case challenging FDA regulatory authority over tobacco advertising and minors' access to tobacco products. The NC district court found that FDA has regulatory authority over tobacco products as drug delivery devices because of their nicotine content, but the agency lacked authority to regulate most tobacco product advertising. The court did not reach the First Amendment issues and both sides appealed.
- **Royal Caribbean Oil Dumping:** On June 2, DOJ announced the largest fine ever for an environmental crimes case involving cruise ships. Royal Caribbean Cruises Ltd. (RCCL), one of the world's largest passenger cruise lines, will pay a \$9 million penalty and plead guilty to a fleet-wide conspiracy of dumping oil into the ocean and lying to the Coast Guard to cover up the crimes. RCCL will also plead guilty to witness tampering and destroying evidence.

- **EEO Regulations:** On May 29, DOJ joined the FCC and filed a petition for rehearing in a case where the DC Circuit ruled that the FCC's equal employment opportunity (EEO) regulation was unconstitutional. DOJ argued that the panel erred in ruling that the FCC's EEO regulation, which requires outreach and recruitment to minorities and women, is subject to strict scrutiny.
- **First Amendment Case:** In Arkansas Educational Television Commission v. Forbes, the Court held that public television stations are constitutionally permitted to exclude candidates from campaign debates as long as they rely on reasonable, viewpoint-neutral criteria. The Court found that the station had excluded respondent because it found that his candidacy "had generated no appreciable public interest," that this was a legitimate viewpoint-neutral reason, and that the record contained abundant evidence showing that the station's judgment on this score was reasonable.
- **Larry King:** On June 8, the Attorney General will appear on *Larry King Live*.

DEPARTMENT OF INTERIOR

- **Undervaluing Oil Payments:** Mobil Corporation, DOI, and DOJ are working on an agreement to resolve civil allegations that Mobil systematically undervalued crude oil produced from Federal and Indian leases. DOI does not expect Mobil to concede any wrongdoing. This would be the first settlement in a group of cases involving similar False Claims Act allegations against other large oil companies, which are pending in district court in Lufkin, TX.
- **Fire Island EIS Workshop:** The Corps of Engineers is expected to call for a mid-June workshop with NPS and FWS to discuss DOI's responses to the Corps plans for beach and shoreline re-nourishment along portions of the Atlantic Coast of Long Island, including the Fire Island National Seashore, which is critical habitat for the endangered piping plover.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Northern Plains Agriculture Crisis:** On June 7-8, at the request of the congressional delegation, Secretary Glickman will visit ND to meet with farmers on the crisis affecting Northern Plains agriculture. The Secretary will review the recommendations of the agriculture Crisis Response Team he created and will announce the awarding of \$3 million in risk management education grants to design programs to help farmers better protect themselves against price swings, the implementation of the Dairy Pilot Options Program which will operate in seven states, and the establishment of a new ND grasslands supervisory office.

- **Frozen Strawberries:** This week, Andrew & Williamson (A&W) Sales Company, Inc. paid USDA \$250,612 as partial reimbursement for frozen strawberries provided to the school lunch program that were part of extensive criminal and civil litigation after an outbreak of Hepatitis A in MI in April 1997. A&W had misrepresented that the strawberries were domestic when in fact they were grown in Mexico.
- **Food Safety Report:** USDA has released "FoodNet: An Active Surveillance System for Bacterial Food Borne Disease in the United States, April 1998," which reports on USDA's project with the CDC and the FDA to collect more precise information on the incidence of food borne disease in the U.S. for 1997.

DEPARTMENT OF COMMERCE

- **Committee on National Security Meeting:** On June 12, there will be a principals' meeting on international technology issues of the Committee on National Security. The principals will discuss case studies that examine the complex issues involved in managing international technology transfers and the treatment of security and economic issues. Under Secretary for Export Administration Reinsch will discuss your decision to transfer export control jurisdiction over commercial communication satellites to DOC.
- **Global Engagement Policy Game:** On June 9-11, the Bureau of Export Administration will participate in a global engagement policy game in Washington, DC. The game is designed to address policy and organizational challenges presented by new emerging concepts and capabilities within the Air Force and will be conducted by Booz-Allen & Hamilton.
- **Dell Computer, GmbH (DCG) Civil Penalty:** On May 28, Assistant Secretary for Export Enforcement DeBusk ordered DCG, a German subsidiary of Dell Computer Corporation, of Austin, TX, to pay a \$3,000 civil penalty. The payment was made to settle allegations that DCG furnished prohibited information about its business relationships with Israel in connection with a transaction with Saudi Arabia. The company failed to report a request for boycott information in violation of the anti-boycott provisions of the Export Administration Regulations.
- **Trade Negotiations with Vietnam:** DOC and USTR concluded another round of negotiations with Vietnam regarding a bilateral trade agreement with many differences remaining. The meetings provided both sides an opportunity to elaborate their respective positions. U.S. officials reiterated concerns about Vietnam's tariffs, quotas, licenses, state-trading enterprises, and discriminatory consumption taxes.
- **Biological Weapons Convention:** Ongoing discussions in Geneva, Switzerland, on the Biological Weapons Convention (BWC) protocol continue to show dissension among Western Group members on the utility of non-challenge visits. At this point, the middle

ground position of the U.S., favoring clarification visits in addition to challenge inspections, has not attracted any substantial following. The UK and the Netherlands continue to advocate routine and random visits, which the U.S. does not support. Several other countries, notably Germany and Japan, are not convinced that visits other than challenge inspections have merit.

DEPARTMENT OF LABOR

- **U.S.-EU Workshop on Work Organization:** On June 8-9, DOL and the European Commission will sponsor a workshop on Work Organization in Brussels, Belgium. The workshop will bring together representatives from labor, industry, government, and the academic and research communities from the U.S. and Europe. The workshop is a cooperative effort with the EU under the New Transatlantic Agenda (NTA), to set the course for future U.S.-EU relations. Secretary Herman and the Commission for the EU signed a MOU under the NTA in 1996 that established a joint Working Group on Employment and Labor.
- **Equal Pay Event:** On June 10, the White House will hold a Rose Garden event to commemorate the 35th anniversary of the enactment of the Equal Pay Act. At that event, DOL hopes to announce the signing of the interagency MOU with the Equal Employment Opportunity Commission.
- **International Labor Conference:** On June 7-11, Secretary Herman will attend the International Labor Conference in Geneva, Switzerland. Notable agenda items this year include the adoption of a new mechanism to ensure adherence to core labor standards by member nations, and the drafting of a new convention on child labor.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Mexico Food Safety Partnership:** During the June 10-11 U.S.- Mexico Binational Commission meeting, Secretaries Shalala and Glickman and their Mexican counterparts will sign a joint statement concerning their intent to work together to implement provisions of your Food Safety Initiative.
- **Multi-State Salmonella Outbreak:** In April and May, 11 states reported an increased number of Salmonella Agona infections. A total of 139 cases have been reported. This outbreak is significant because the proportion of cases among persons over 70 years of age is higher than expected. The source of this outbreak has not been determined.
- **Obesity:** On June 17, the National Heart, Lung and Blood Institute will hold a press conference to release the first Federal "Clinical Guidelines on the Identification, Evaluation and Treatment of Overweight and Obesity in Adults." The report was unofficially leaked to the press last week.

- **MA Title XXI Plan:** On May 29, HCFA approved MA's Title XXI plan to expand children's access to health coverage by expanding Medicaid eligibility to 150 percent of the Federal poverty level (FPL) and by creating a separate Family Assistance Plan for Children between 150 percent and 200 percent of FPL. The Family Assistance Plan includes direct coverage and financial assistance to enable families to participate in employer-sponsored health insurance.
- **HIV Test:** On May 28, FDA licensed Cambridge Biotech Corporation's Western Blot Kit, the first Western Blot specifically intended for supplemental testing of urine specimens for antibodies to HIV-1. The availability of the Western Blot test has a particular public health benefit in allowing more efficient patient follow-up. Positive blot results can now be reported to the test subject without calling the test subject back for a blood sample.
- **Maine Adolescent Pregnancy:** The 1996 Personal Responsibility and Work Opportunity Reconciliation Act mandates a national strategy to prevent pregnancy among teenagers and requires States to establish goals to reduce the incidence of "out-of-wedlock" pregnancies, particularly among teenagers. Adolescent pregnancy and birth rates are declining across the U.S., and in ME, adolescent pregnancy rates have declined dramatically. Despite prevention efforts at the State and Federal levels, adolescent pregnancy rates in the U.S. are among the highest in developed countries.
- **Interleukin-12 (IL-12) and AIDS-Related Infections:** In the June 1 issue of *The Journal of Immunology*, scientists at the National Institute of Allergy and Infectious Diseases report on their finding that treating mice with IL-12 plus conventional antibiotic therapy can help control infection with *Mycobacterium avium*, an opportunistic infection common in people with late-stage AIDS.
- **Smoking and Hearing Loss:** The June 3 issue of *The Journal of the American Medical Association*, reported an association between smoking and hearing loss. The NIH-supported researchers found that of the adults studied, current smokers had about a 70 percent greater risk of having hearing loss than nonsmokers, nonsmokers who lived with a smoker were more likely to have a hearing loss than those not exposed to the smoke, and the odds of having hearing loss increased with the amount of smoking.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Homebuyer Protection:** On June 2, Secretary Cuomo unveiled HUD's Homebuyer Protection Plan, a package of reforms that will benefit 800,000 families who get Federal Housing Administration mortgages each year by dramatically reinventing FHA's home appraisal process.

- **Privatizing Foreclosed Home Sales:** In addition to the Homebuyer Protection Plan, HUD plans to protect taxpayers from unnecessary costs by privatizing the sale of homes acquired through FHA foreclosures, generating savings of up to \$148 million a year. A proposed rule, published on May 29 in the *Federal Register*, would allow HUD to sell foreclosed homes to private real estate professionals, including non-profit organizations.
- **Housing and Community Development Funds:** Last week, Secretary Cuomo announced \$41 million in HUD grants for housing and community development programs. San Francisco received \$28.5 million, Miami-Dade County \$9.7 million, Syracuse, NY \$4 million, and Montgomery, AL \$4 million.

DEPARTMENT OF TRANSPORTATION

- **TN Bus Grant:** On June 4, Secretary Slater joined representatives of the Chattanooga, TN Area Regional Transportation Authority to announce a \$2.2 million FTA grant for the development and purchase of 11 electric and hybrid-electric buses for use in Chattanooga.
- **U.S.-India Business Council:** On June 4, the Secretary addressed the 23rd Annual Meeting of the U.S.-India Business Council.
- **Scenic Byways:** On June 9, Secretary Slater will announce new additional Scenic Byways designations at a Capitol Hill event.
- **Federal Employee Volunteer Awareness Day:** On June 13, DOT will observe Federal Employee Volunteer Awareness Day. DOT will be coordinating the interagency effort and is working with other federal agencies for a day of volunteer work in the Washington, DC area.
- **German Train Crash:** On June 3, Germany's fastest, most expensive passenger train derailed, killing at least 92 people and injuring 300. The Munich to Hamburg train was traveling at 125 mph when the crash occurred. These high speed trains connect all major cities in Germany and transport 65,000 passengers daily.
- **International Aviation Labor Issues:**
 - ▶ On May 28-29, Spanish air traffic controllers staged a two-day work slowdown resulting in the cancellation of dozens of flights and thousands of stranded passengers.
 - ▶ On June 1, Mexico's flight attendants union began a strike which will affect more than 30,000 passengers who travel daily on Aeromexico.
 - ▶ On June 1, pilots at Air France began a strike that is likely to affect the World Cup Soccer Tournament, which begins June 10. On June 1, 75-90 percent of Air France flights were canceled.

- **Russian Aviation Negotiations:** On June 30-July 2, negotiations will take place in Moscow. Discussions will cover overflight rights, code-share rights, and the Russian desire to eliminate the mandatory stop in Anchorage for Russian carriers operating between the Russian Far East and the continental U.S.
- **Turkey "Open Skies":** On June 9-10, technical discussions of the elements of an "Open-Skies" agreement will be held in Washington, DC.
- **United Kingdom Aviation:** U.S. Airways and British Airways (BA) are continuing their commercial discussions on Gatwick slots and other issues that have delayed U.S. Airways' ability to inaugurate Charlotte-London service. No solution has been reached. DOT has not acted on BA's application to start Denver-London service.
- **Market Alliances:** On May 6, DOT received separate presentations from 1) Delta Air Lines and United Airlines regarding their proposed domestic code-share alliance, and 2) Continental Airlines and Northwest Airlines regarding their integration alliance. American and US Airways have not yet made a presentation to DOT concerning their proposed domestic alliance. DOT has requested that the carriers provide internal documents, studies, reports, and analysis concerning the alliance's impact on airline competition.

DEPARTMENT OF ENERGY

- **Cleanup at Pit 9 Subcontract Termination:** On June 1, Lockheed Martin Idaho Technologies Co. (LMITCO) terminated the Lockheed Martin Advanced Environmental Systems Co., Inc. (LMAES) subcontract for Pit 9. When it became clear that LMAES was having severe management and technical problems in meeting the terms and conditions of the contract, LMITCO and DOE worked collaboratively with ID and EPA to develop a contingency plan that would allow DOE to meet its obligations in the event LMAES failed to perform. DOE stated that taxpayers have a right to expect performance and to hold the contractor accountable for non-performance.
- **Consolidation of Contracts at Nuclear Weapons Production Facilities:** A proposal to consider consolidation of as many as six existing contracts at the DOE nuclear weapons program production facilities into a single management contract has been released for industry, community, and other stakeholder comments. The approach would provide clearer lines of authority and responsibility among the six sites; improve information sharing, cooperation and technical integration; and provide cost savings through single business and technical support efficiencies and elimination of duplicative functions that would reduce overhead.

- **Tribal Council Meeting:** On June 4, Secretary Peña will meet with Tribal Chairman Mervin Wright, Jr., Pyramid Lake Paiute Tribal Council, to discuss the proposed cooperative agreement between the Tribe and DOE which provides training, equipment, and funding for emergency preparedness for the first shipment of spent nuclear fuel from foreign research reactors. The shipment will be traveling through their reservation in July en route to the ID National Engineering and Environmental Laboratory.
- **Gasoline Prices:** U.S. spot gasoline prices were slightly higher during the week of May 25 on most markets, with only West Coast prices continuing to decline.

DEPARTMENT OF EDUCATION

- **Proposition 227:** DOEd, DOJ, and the White House are working to determine the implications for civil rights enforcement and bilingual education programs of the passage on June 2 of CA's Proposition 227. The initiative, which aims to end bilingual education in CA and replace it with a one-year immersion program for limited-English-proficient students, passed with over 60 percent of the vote. An immediate court challenge is expected.
- **School Violence:** On June 7-10, DOEd's Safe and Drug Free Schools Program will hold a conference in Washington, DC. On June 9, Secretary Riley will deliver a speech on school violence at the conference.
- **World Expo '98:** On June 11-15, Secretary Riley will visit Lisbon, Portugal, for the World Expo '98.

VETERANS AFFAIRS

- **Technical Corrections to Surface-Transportation Bill:** Section 8202 of the enrolled surface-transportation bill was patterned after an Administration proposal to prohibit service-connected VA disability and death benefits based upon diseases arising postservice whose only links to veterans' military service are the veterans' own in-service use of tobacco products. The language as enacted, however, departs from that proposed by the Administration and would have unintended results, to include barring benefits for diseases which manifest themselves during active duty, and applying to benefit claims still pending before VA on the date of enactment. VA has asked OMB to ensure that the Administration language be included as part of the technical corrections bill being readied by the Senate Budget Committee.
- **Coverage on VA-Related Tobacco Legislation:** On May 26, *USA Today* ran a story which stated that veterans were unhappy with the Administration's efforts to eliminate compensation for tobacco-related illnesses in veterans who began smoking during service and who have remained addicted. *The Washington Post* and *The New York Times*

published similar stories on May 23. *The Washington Post* also published a follow-up story on the legislation actually passed by Congress on May 30.

ENVIRONMENTAL PROTECTION AGENCY

- **Use of Carbofuran on Rice:** The state of LA has asked EPA for an increase in the amount of the insecticide Carbofuran that can be used on rice to control the rice water weevil. LA is seeking an increase of 60,000 pounds over the allotted 250,000 pounds, which was set in 1992 as part of a settlement agreement to reduce the proven risks that the insecticide poses to wildlife. Alternatives to Carbofuran have been developed and will be available to rice producers for the 1999 growing season. For the 1998 season, however, LA and other rice-growing states expect more pressure from the rice water weevil and are concerned about limited alternatives to Carbofuran. EPA is reviewing the request in close consultation with the rice growing states and USDA and should be able to make a decision shortly. LA Senators Landrieu and Breaux have expressed strong interest in this decision.
- **Disposal of Napalm:** In response to a request from the Department of the Navy, EPA continues to work with several states to investigate the historical compliance and status of facilities that the Navy is considering for use in the recycling or disposal of napalm. The Navy hopes to ship 24,000 gallons of napalm for destruction by July 16 when their emergency storage permit expires.

UNITED STATES TRADE REPRESENTATIVE

- **EU Computer Tariffs:** On June 2, the WTO Appellate Body reversed a lower panel decision that the EU was imposing unduly high customs tariffs on imports of Local Area Networks (LAN) equipment.
- **APEC Telecommunications Mutual Recognition Agreement (MRA):** On June 5, APEC Telecommunications Ministers endorsed a MRA for telecommunications equipment, an arrangement that will simplify the testing and certification of telecommunications equipment. The MRA is one of the nine areas targeted for "early voluntary sectoral liberalization" by APEC Leaders last November in Vancouver. This action will pave the way for Trade Ministers to complete work on this sector along with the other eight sectors for priority attention at the upcoming APEC Ministerial in Kuching, Malaysia on June 22-23.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **100 Black Men, Inc.:** On June 12, Director McCaffrey will address the Annual Meeting of 100 Black Men, Inc. He will speak on the importance of mentoring as a key tool in the prevention of drug abuse.

- **U.S.-Mexico Bi-National Meeting:** On June 10-11, Director McCaffrey will attend the U.S.-Mexico Bi-National Committee. On June 10, he will co-chair a plenary session of the Legal Affairs and Anti-Narcotics Working Group with Attorney General Reno and will report on development of the Performance Measures of Effectiveness for the Mexico-U.S. Bi-National Strategy.
- **Caribbean Drug Meetings:** On May 28, Director McCaffrey completed his Caribbean drug meetings in Miami and participated in a taping of the *Montel Williams Show* that discussed the 1998 National Strategy with parents and children.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Project Impact:** On June 3, Director Witt launched the agency's initiative, Project Impact: Building a Disaster Resistant Community, and invited 50 localities to become the initiative's first disaster resistant communities. The announcements were made during Director Witt's Morning Newsmaker briefing at the National Press Club.

OFFICE OF PERSONNEL MANAGEMENT

- **Combined Federal Campaign (CFC):** For the second consecutive year, the CFC showed an increase in the amount of money federal employees and military personnel contributed to the annual workplace charity drive. In 1997, over \$197.1 million was raised. The National Capital CFC, representing the Washington, DC metropolitan area, had the highest campaign receipts among the 397 localized campaigns, totaling \$38,041,502.

UNITED STATES INFORMATION AGENCY

- **Palestinian Views of Peace Talks:** The Palestinian public continues to be widely downbeat on peace talks with Israel. A USIA poll in the West Bank and Gaza Strip finds that seven in ten Palestinians say the peace process is not moving forward at all or is even moving backward, and nine in ten express little or no confidence that Prime Minister Netanyahu can be trusted to fulfill signed agreements. A large majority (82 percent) think that the U.S. should play a more active role in negotiations to help move the process forward, even though the public is nearly unanimous in its view that American policies have been more favorable to Israel.
- **Pakistani Nuclear Testing:** Foreign media reaction to Pakistan's series of nuclear tests continued to show alarm that the political and military situation in South Asia is, as Tokyo's moderate Yomiuri stated, "sliding into an extremely dangerous state." Commentators worried that a new Cold War atmosphere was developing on the subcontinent and were not optimistic that India and Pakistan would resume a dialogue any time soon to settle their dispute over Kashmir. Analysts also perceived the

development of new power relationships in the region, and saw China as "gaining more leverage," while in their eyes the U.S. seemed less able to influence events in the region. Analysts in Egypt and Israel drew direct connections between Pakistan's nuclear testing to security issues in their region. Analysts in Israel noted again what they perceived as the "failure" of American intelligence and asserted that "even the most moderate of Muslims now links Israel's position on the second redeployment with the Pakistani bomb."

SOCIAL SECURITY ADMINISTRATION

- **Year 2000 Computer Problem:** On June 2, the House Subcommittee on Government Management, Information, and Technology released grades on the Federal Government's progress toward solving the Year 2000 computer problem. SSA earned an A+ this quarter by achieving 92 percent compliance and by paying close attention to contingency planning and external data exchanges. SSA was also given credit for actively assisting other agencies in their Year 2000 efforts.

cc:

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

*Thank you
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 in charge of my*

Dan Burkhardt:
 Please coordinate
 the reply.

*coord with
 postin*



ONE AMERICA IN THE 21ST CENTURY

The President's Initiative on Race

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

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Winston
Mathews
Bowles

MEMORANDUM FOR THE PRESIDENT

FROM: JUDITH A. WINSTON *Jaw*

THROUGH: ERSKINE BOWLES
SYLVIA MATHEWS

DATE: JUNE 5, 1998

SUBJECT: PRESIDENT'S INITIATIVE ON RACE WEEKLY REPORT
MAY 30 - JUNE 5

ADVISORY BOARD ACTIVITIES

Religious Leaders Forum. On June 1, the Reverend Dr. Suzan D. Johnson Cook hosted the Religious Leaders Forum in Louisville, KY. Reverend Tony Campolo gave a rousing keynote address, and DOJ Director of Community Relations Service Rose Ochi moderated one of the panels. Approximately 100 people attended and participated in small breakout discussions. Numerous ideas were elicited and many people indicated a renewed commitment to racial reconciliation activities in Louisville and the surrounding area.

United South and Eastern Tribes. On June 3, Governor William Winter, senior Initiative staff and I participated in a panel discussion in Nashville, Tennessee with the United South and Eastern Tribes. During our two-hour panel, we heard directly from the Tribal leaders, as well as other Tribal government officials, on a variety of topics. Major issues included the concern that Indian people did not want to be assimilated into one America, the importance of the Initiative valuing the government-to-government relationship between the Tribes and the Federal government, the need to protect the cultural heritage of Indian people, and the need to protect sacred sites and a consistent federal policy on such protection.

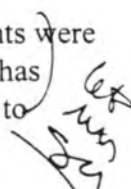
American Bar Association. On June 4, Angela Oh discussed the importance of racial reconciliation at an American Bar Association planning meeting for their 1999 National Conference on Race Relations.

New Jersey Region National Conference. On May 28, Governor Kean spoke at this conference

on the Initiative to an audience of 100 composed of staff, administration and board members from a number of school districts.

OFFICE OF THE EXECUTIVE DIRECTOR

June Advisory Board Meeting. We continue to plan the June Advisory Board meeting, scheduled for June 18 in Washington, D.C. Before the June 18 meeting, some Advisory Board members will meet as subgroups for internal discussions focusing on issues such as education, economic development, leadership, and a vision for one America. The Advisory Board members will be able to use the subgroup meetings as opportunities to review progress made to-date and develop ideas to promote continuing support for work started during the Initiative year. On June 18, the full Advisory Board will meet publicly to present issues and ideas for deliberation and consideration.

One Year Anniversary. We have prepared summaries of Initiative accomplishments and questions and answers in anticipation of press inquiries on the occasion of the one year anniversary of your June 1997 San Diego speech launching the Initiative. These documents were distributed to Advisory Board members and White House staff. In addition, Dr. Franklin has written an op-ed about the Initiative which we will send to several major news magazines to coincide with the one year anniversary. 

Prayer for Racial Reconciliation. We sent letters to participants in the New Orleans and Louisville Religious Leaders Forums and other religious leaders asking them, during the weekend of June 12-14, to recognize the anniversary of the announcement of the Initiative, offer a prayer for racial reconciliation during their worship service, and plan other activities to reinforce the message of racial reconciliation.

Brooklyn Unity Awards. On June 2, Deputy Director for Outreach, Mike Wenger, delivered the keynote address at the 10th Annual Brooklyn Unity Awards Ceremony in Brooklyn, NY. Over 100 people attended the event sponsored by Brooklyn Borough President Howard Golden, who presented awards to four programs in Brooklyn which are bringing people, young and old, together across racial lines.

Fact Book. Initiative staff met with the Council of Economic Advisors and the White House Communications Office this week to discuss the final stages of preparation for the Race Fact Book that CEA is preparing for the Initiative. The report is expected to be released in September.

Website Update. The One America Dialogue Guide was posted on our website. This guide on how to conduct a discussion on race is available on the website in two forms. One format is easily viewed while visiting the site, and the other enables visitors to print the guide in its original format.

FEDERAL AGENCY ACTIVITIES

Department of Justice

American-Arab Committee. On June 12, the Attorney General will address the American-Arab Anti-Discrimination Committee.

Department of Agriculture

Food Assistance For Indian Reservations. At the Oglala Sioux Reservation in Pine Ridge, SD and the Standing Rock Sioux Reservation at Fort Yates, ND, USDA unveiled a new food package for the Food Distribution Program on Indian Reservations (FDPIR), the expansion of the FDPIR Fresh Produce Pilot Project, and a pilot project through which commercially labeled commodities are being provided to program participants.

Minority Outreach. On May 18, state officials from USDA agencies conducted a Hispanic Growers Outreach meeting in Yakima, Washington and identified 36 specific needs by the group.

Department of Commerce

First Annual Minority and Women-Owned Business Trade Fair. On May 29, at the Washington Convention Center, the Minority Business Development Administration participated as an exhibitor at a trade fair sponsored by the Black Business and Professional Network of Washington, D.C.

Department of Health and Human Services

Substance Use Among Racial and Ethnic Subgroups. On June 12, Substance Abuse and Mental Health Services Administration is planning to release its first comprehensive analysis of 1991-1993 data from the *National Household Survey on Drug Abuse* on substance use among racial-ethnic minority subgroups. The findings reveal that: compared to total U.S. population, Native Americans exhibited the highest levels of substance use; levels of substance use among Hispanic sub-groups ranged from high to comparable use relative to the total U.S. population; African Americans exhibited high levels of substance use relative to the total U.S. population; and, while high enough to warrant concern, substance abuse levels among Asian/Pacific Islanders were low relative to the total U.S. population.

Department of Energy

Tribal Council. On June 4, Secretary Peña met with Tribal Chairman Mervin Wright, Jr., Pyramid Lake Paiute Tribal Council to discuss the proposed cooperative agreement

between the Tribe and the Department which provides training, equipment, and funding to prepare for an emergency during the first shipment of spent nuclear fuel from foreign research reactors. The shipment will be traveling through their reservation in July en route to the Idaho National Engineering and Environmental Laboratory.

Department of Education

Unz Initiative. DOEd staff are working with White House and DOJ staff to determine the implications for civil rights enforcement and bilingual education programs of the passage, on June 2, of CA's Proposition 227. The initiative, which aims to end bilingual education in CA and replace it with a one-year immersion program for limited-English-proficient students, passed with more than 60% of the vote. An immediate court challenge is expected.

Hispanic Legislators. On June 19, Secretary Riley will address the National Association of Hispanic Legislators in Houston, TX.

Small Business Administration

Welfare to Work. The SBA continues to work to further the goals of the Welfare to Work Initiative by sponsoring the Women and Minorities Conference in Tacoma, WA.

General Services Administration

Energy Tribal Workshop. On May 27 - 29, GSA partnered with the Rosebud Sioux Tribe and other agencies to co-sponsor the Inter-Tribal Council on Utility Policy in Rapid City, SD. GSA provided information on how the Tribal organizations can take advantage of opportunities to provide power to the Government in the newly deregulated power environment.

6-8-98

THE WHITE HOUSE
WASHINGTON

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June 6, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

Mickey

SUBJECT: Office of Intergovernmental Affairs Weekly Report -- June 1 - 5, 1998

Budget

For

The governors have mobilized to oppose the Kasich budget resolution. The National Governors' Association (NGA) sent a letter to the Congressional leadership specifically opposing the proposed cuts to Temporary Assistance to Needy Families welfare funding. A copy of the NGA's press release on the budget cost-shifts is attached.

Transportation

- We are coordinating the inclusion of state and local elected officials for the signing of the transportation bill on Tuesday, June 9. There is widespread enthusiasm and gratitude among our partners in government for the legislation, which was the number one legislative priority for the governors, mayors, and municipal and county officials.

Food Stamps

- This week, we successfully mobilized state, county, and municipal officials in support of the Agriculture Research Bill. We bypassed many of the organizations representing state and local elected officials, who opposed the bill due to the reduction in federal reimbursements to states for food stamps administrative costs, and instead worked with key electeds in border and farm states.

Year 2000

- John Koskinen and Fred DuVal met with NGA staff to propose that a meeting be organized in June with the governors' representatives who are handling the Year 2000 conversion in each state. NGA has agreed to sponsor such a meeting.

Democratic Leadership Council

- In addition to your speech to the Democratic Leadership Council (DLC) on Thursday, June 4, which members indicated was your best to date, IGA invited 90 elected officials from the DLC to the White House for a political and policy briefing. The delegation included attorneys general, mayors, county officials, and state legislators. I provided an overview of our Intergovernmental Affairs mission and objectives, Craig Smith briefed on our summer/fall political strategy, Ron Klain outlined the Vice President's priorities, Mike Cohen discussed our education initiatives, and Chris Jennings engaged the audience on tobacco. The officials expressed strong support for your agenda, and were particularly energized about the importance of protecting states' share of potential tobacco revenues, charter schools, education standards, and ending social promotion. Interestingly, they spent much time discussing Social Security and expressed strong support for protecting the surplus for Social Security.

"Big Seven" Policy Process

- On Wednesday, June 3, we hosted a briefing for the IGA representatives from the federal departments and agencies conducted by representatives from each of the "Big Seven" organizations who presented summaries of their policy-making processes and how we can most effectively impact them. This will help us better prepare for the upcoming summer meetings.

Race Initiative

- I delivered the keynote address to the annual dinner of the U.S. Hispanic Leadership Institute, and was introduced by former Secretary Henry Cisneros. He sends his regards and asked me to convey his appreciation for your selection of Maria Echaveste to serve as your Deputy Chief of Staff.

National Partnership for Reinventing Government

- Morley Winograd spoke to our regular meeting of the agency/departments intergovernmental affairs representatives. He highlighted the new structure of the NPR staff and current initiatives of the Administration's effort to "reinvent government."

Governors

- The National Governors' Association (NGA) has established a summer meeting agenda that will not include elected officials. As a result, we do not expect to receive an invitation to speak to the NGA meeting in Milwaukee, August 1-4.
- **Governor Gary Locke** (D-WA) has shared with us the intention of the State of

Washington to bring a lawsuit against the Department of Energy alleging that the federal government has not complied with its obligations to clean up the Hanford Waste site. He has expressed a hope that the matter can be settled quickly. We have alerted the Department and CEQ of this matter.

- **Governor Jeanne Shaheen** (D-NH) called us to seek the Administration's help with New Hampshire's Title 21 waiver application to allow the states to use Blue Cross/Blue Shield money as the states' share. We have arranged for the Governor's staff to meet with HCFA Administrator Min De Parle in the coming days.
- IGA helped facilitate FEMA and the Vice President's communication with **Governor Bill Janklow** (R-SD) after the disastrous tornadoes that struck last week in Spencer, South Dakota.
- IGA relayed Attorney General Reno's recent decision on assisted suicides to **Governor John Kitzhaber** (D-OR) and Attorney General Hardy Myers (D-OR). The decision stated that physicians and pharmacists who administer assisted suicides under the Oregon Act cannot have adverse action taken against them by the federal government. Governor Kitzhaber was very pleased with this decision, although we reiterated to him that you continue to maintain your longstanding position against assisted suicide and any federal support for that procedure.

State Treasurers

- **State Treasurer Mike Fitzgerald** (D-IA), who we arranged to be a delegate to the Saver Summit, met with the Vice President for a brief, informal visit.

Indian Country

- We continue to work on the Gorton amendment, which involves state taxes on the sale of tobacco on tribal lands. The Administration has not communicated its position to Congress, as Senator Gorton's amendment has been held up due to a technicality. The Treasury Department is measuring the high administrative cost associated with collection and allocation of the taxes. We are urging that the Administration be on record in opposition to what Senator Gorton is proposing.
- Lynn Cutler spoke to the United South and Eastern Tribes in Nashville, TN. They are very concerned about the tobacco tax provisions, along with the current Indian Health Service budget. They were very pleased with your new Executive Order on Tribal Consultation.

Mayors

- Lynn Cutler convened a meeting of Chicago municipal officials, OMB, the Army Corps of Engineers, and representatives of the Department of Defense to discuss the Chicago Shoreline Project. **Mayor Richard Daley** (D-Chicago, IL) had asked the Vice President to look into the idea of Chicago doing the work on this project and being reimbursed by the Corps, believing that the City can perform the work faster and at a reduced cost.
- **Mayor Preston Daniels** (D-Des Moines, IA), who is the first African American mayor of Des Moines, met with the Vice President. You will recall that he succeeded Arthur Davis.
- We continue to engage with OMB, the Office of the COS, Political Affairs, and the Office of the Vice President to assist **Mayor Ed Rendell** (D-Philadelphia, PA) with his request for funds for additional National Constitution Center (NCC) funding. OMB is working with the National Park Service to craft a proposal consistent with the responsibility assigned to the Secretary of the Interior by the 1988 legislation establishing the NCC.

*Submit
consider
for red*

*We should
try to help*

NATIONAL
GOVERNORS'
ASSOCIATION

News Release



Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1512
Telephone (202) 624-5330

FOR IMMEDIATE RELEASE

June 4, 1998

Contact: Becky Fleischauer, 202/624-5364

GOVERNORS OPPOSE HOUSE BUDGET COST-SHIFT—

"A Serious Violation of the 1996 Welfare Agreement, Eroding the Federal-State Partnership and the Future of Welfare Reform"

Washington, D.C.— The nation's governors declared the House budget resolution crafted today "hazardous to the federal-state partnership and the future of welfare reform in the states." In a letter to House Speaker Newt Gingrich and Minority Leader Richard A. Gephardt, governors expressed strong opposition to \$10 billion and \$12 billion in cost shifts in welfare and Medicaid included in the House budget resolution.

"These cost-shifts and recent initiatives to reduce flexibility within the welfare block grant are a serious violation of the welfare agreement reached in 1996, eroding the federal-state partnership," said Govs. Thomas R. Carper, Delaware; Lawton Chiles, Florida; Frank O'Bannon, Indiana; John Engler, Michigan; Bob Miller, Nevada; Tom Ridge, Pennsylvania; David M. Beasley, South Carolina; and Tommy G. Thompson, Wisconsin. "Governors have transformed welfare, lifting millions to independence and self-sufficiency. The appropriate response to this success isn't to trip up state efforts."

The House budget resolution would cut \$10 billion from the "income security" funding category that includes Temporary Assistance to Needy Families (TANF) welfare funding. Although the legislative language does not specify that cuts would be made to welfare, it is tacitly understood that states would suffer a cut in welfare funding as a result of this ambiguous language.

"Less than two years ago, Governors worked closely with Congress and the administration to reach a historic welfare reform agreement. That agreement resulted in the creation of the TANF block grant, which helped to balance the federal budget by establishing a fixed amount of federal welfare spending over a five-year period," said the governors. "In exchange, states were given an assurance of guaranteed funding in each of the five years and new flexibility to administer their public assistance programs. The proposed budget resolution is a breach of that agreement and is not keeping the federal government's part of the deal."

The cuts would come at a time when many states are struggling to help the hardest-to-serve populations move from welfare to work. These challenges will require reliable funding to give citizens the support and tools they need to become self-sufficient. In addition, many states are preparing for future economic downturns by creating rainy-day funds to be used in the days of economic downturn or hardship in the future.

"The nation's Governors are disheartened by a pattern of reductions in funding and flexibility in other welfare-related programs. Congress is again proposing cuts in Social Services Block Grants—a highly valuable and flexible block grant used for a broad range of programs such as child care, child and adult protective services, and services for the elderly and disabled," said the governors. "States are also facing administrative cuts in food stamps, paired with reduced flexibility in the TANF block grant. These programs are crucial to states' continued success of welfare reform in the future. As more individuals leave the welfare caseloads, other assistance programs are key in moving these people from welfare to work as well as to prevent them from moving back into welfare."

1

Governors also strongly oppose efforts to take an additional \$12 billion out of the Medicaid program over the next five years. Medicaid has already made an enormous contribution to budgetary savings through controlled program growth rates. In the late 1980s and early 1990s, Medicaid spending grew at an annual average of more than 20 percent. Since 1995, Medicaid growth has been in the range of 5 percent. These reductions in growth rates were made possible through state reforms designed to reduce costs while maintaining quality. These savings, combined with the far-reaching reforms enacted last year through the Balanced Budget Act, have already reduced actual and projected Medicaid spending by more than \$100 billion by 2002. Governors warned that Medicaid should not be subject to further cuts, instead the reforms enacted last year should be given time to take effect.

"We urge you in the strongest terms possible to uphold the historic welfare agreement reached in 1996 and reject any cuts in TANF or Medicaid as part of the budget negotiations," said the governors. "We hope you and your colleagues will consider the negative consequences of reducing the federal contribution to these programs."

—END—

6-8-98

JEWISH OUTREACH

- **Opposition to Istook.** Jewish groups hailed the defeat of the Istook constitutional amendment this week. Numerous groups publicly praised the President's radio address of May 29 which clearly opposed the amendment.

WOMEN'S OFFICE OUTREACH

- **Bankruptcy Reform/Child Support.** The child support advocates are not at all pleased with the House version of the Bankruptcy Reform bill and after much analysis, conclude the Senate version, although better, is also not one they can support. They will give us specific suggestions for improvement by COB on Friday. We will continue to work with them closely.

AFRICAN AMERICAN OUTREACH

- **NAACP/BLACK FARMERS.** Mfume issued an NAACP press release calling for USDA to address the discrimination practices of Black Farmers and Black land loss. The NAACP has teamed up with Lawrence Lucas' USDA Coalition of Minority Employees to support the Black Farmers. They have not officially joined the efforts of John Boyd's Black Farmers Association and did not attend their press conference held yesterday, but the CBC did participate and continues to support Boyd's efforts.

ASIAN AMERICAN OUTREACH

- Stuart Kwoh, an activist with the Asian Pacific American Legal Center of Southern California, won the prestigious MacArthur Award for his work in civil rights.

cc: Erskine Bowles
Craig Smith
Doug Sosnik
Sylvia Mathews
Sid Blumenthal
Bruce N. Reed
Mickey Ibarra

Rahm Emanuel
Michael McCurry
Gene Sperling
Thurgood Marshall, Jr.
John Podesta
John Hilley
Ron Klain

↓
Stuart Kwoh
Lawrence Lucas
John Boyd

Dan Burkhardt:
Please coordinate
the reply.

6-8-98

THE WHITE HOUSE
WASHINGTON

June 5, 1998

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARIA ECHAVESTE

SUBJECT: OPL WEEKLY REPORT June 1- 5

copied
Echaveste
COS
pg 3
Burkhardt
for response

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

- **SAVER Summit.** OPL faxed the talking points about the need for greater savings and pension opportunities for Americans to more than 250 of our constituent leaders.
- **TOBACCO.** OPL and DPC hosted a conference call with minority health organization leaders on the Tobacco legislation. The minority community wants you to support language in the tobacco legislation that provides for a proportionate share of tobacco taxes and penalties for minority communities based upon their view that this legislation constitutes a regressive tax for minority communities. They assured us they would continue to visit Congressional leadership to ask them to support this language in the bill.

PIR. The effort to mark the anniversary of the PIR with a weekend of sermons and/or prayers is underway with outreach to a wide group of religious leaders. A letter from Dr. Franklin went out to all participants in the two religious forums as well as other religious leaders asking for their participation in the weekend of sermon/prayer.

We faxed your PIR Chair's one year anniversary letter to over 1,000 African American religious leaders encouraging them to preach sermons on racial reconciliation during the weekend of June 11 - 14, 1998. We will host conference calls with religious leadership next week to discuss the one year anniversary.

On June 1, we held the second faith forum in Louisville; Tony Campolo was very effective as a keynote speaker. As a follow up to the faith forums, on June 22 a strategy meeting will take place with representatives of religious and civil rights organizations and private foundations to determine how the faith community can contribute to and carry on the work of the PIR.

What
can
you
do

CONSTITUENT OUTREACH AND OTHER ISSUES

RELIGIOUS COMMUNITY OUTREACH

- **Assisted Suicide.** The Attorney General's letter to Chairman Hyde stating that the DEA does not have authority to enforce the Controlled Substance Act against a physician who has assisted in a suicide in full compliance with the relevant Oregon Act will be delivered June 5. The final paragraph of the letter restates your longstanding position against assisted suicide, and we will emphasize that in calls to the U.S. Catholic Conference and others, including Rev. Fred Kammer, who contacted us on this issue.
- **Wolf/Specter.** The National Council of Churches is hopeful that the Nichols bill will be moderated sufficiently for them to support it. Their strong opposition up until now to religious persecution legislation has hurt their standing with other religious groups. They were weakened further by press coverage and criticism for allowing a business group to pay them to bring religious leaders here from other countries to lobby against Wolf/Specter. Senate mark-up is now scheduled for late June.

HISPANIC OUTREACH

- **Meeting with Representatives from the Migrant Head Start Association.** The Migrant Head Start Association met with us to raise their desire for an increase in funding for Migrant Head Start and to expand this program to include seasonal workers. Their rationale is that although funding for Migrant Head Start has been steadily increasing, the increases have not been in proportion to the increases in the Head Start program in general.

BUSINESS OUTREACH

- **China MFN.** On Wednesday we sent your statement to more than 200 businesses and received strong letters of endorsement from the Business Roundtable, the National Association of Manufacturers, the U.S. Chamber of Commerce, the U.S. - China Business Council and several corporations. The business community will be supporting a major media campaign beginning next week.

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 Thurgood Marshall, Jr.
 John Podesta
 John Hilley
 Ron Klain

↓
 Sleep
 Louie
 Leroy

Dan Burkhardt:
 Please coordinate
 the reply.

June 5, 1998

6-8-98

copied
Waldman
COS

MEMORANDUM FOR THE PRESIDENT

FROM: MICHAEL WALDMAN *MW*
SUBJECT: SPEECHES IN THE UPCOMING WEEK

This memorandum lays out the themes of the speeches that will be coming up in the next week, as well as what we *hope* will be the headline. Please let us know if you have any concerns or guidance.

5/8 **UN Special Session on Drugs**

Goal: "President takes fight against drugs to UN"

This speech to the UN (approximately 10 minutes) will focus on both sides of the counternarcotics fight -- demand at home and supply. It will discuss our success to date in reducing demand at home, as well as highlighting the success that supplier-countries have had (with our help) in cutting off the flow of drugs. It will include several initiatives, most prominent of which will be a proposal to extend the anti-drug education campaign, extending the public service advertisements with a 5 year, \$2 billion initiative.

5/9 **Korean State Visit -- press conference opening statement**

Goal: "President praises Korean democracy"

The opening statement will stress how democracy has strengthened Korea as it has faced economic difficulty. It will refer to the need to pass IMF funding to help stabilize the world economy and secure America's prosperity. *NOTE:* We expect the Q&A, rather than the statement, to be the most newsworthy part of the press conference.

Signing of the highway bill

Goal: "President signs highway bill"

This statement will praise the highway bill for its support of rebuilding our infrastructure, and its support for welfare reform and the environment. It will note that this bill is a compromise, which includes more investment than we had sought, but that in all it maintains fiscal discipline and is good for America. *NOTE:* We expect this to receive only regional press coverage.

5/10 **Equal Pay event**

Goal: "President prods Congress to pass equal pay law"

This speech will mark the 35th Anniversary of the Equal Pay Act, signed by President

Kennedy. Family incomes are now rising, which has helped lift the incomes of both men and women. You will release a new CEA study showing that while the pay gap between women and men has shrunk over the years, it is still too large. You will call on Congress to pass legislation, introduced by Sen. Daschle, that strengthens the Equal Pay Act by increasing penalties for pay discrimination, and takes other steps.

5/11 **Foreign policy speech**

Goal: "Clinton answers China critics; says policy advances America's interests, security"

Events of recent weeks make plain that as we enter the 21st Century, America's relationship with Asia will be increasingly important [*Indonesia, India/Pakistan, stability on Korean peninsula*]. We are seeing more than ever that in all these areas, the relationship between the United States and China is a key to stability, peace and security. The President's policy of engagement -- and the trip to China -- are advancing the national interest, producing results in areas that matter to Americans: stability in Asia ... combating international crime ... protecting the environment ... preventing the spread of weapons of mass destruction ... improved human rights. America faces a choice: we can lead and work with China in the many areas important to our national interest, or we can go fools errand and try to isolate one quarter of the world's population.

5/12 **Oceans Conference**

Goal: "President bans offshore oil drilling in California, calls for action to save oceans"

The Oceans Conference in Monterey, where you will appear with the Vice President, will be an opportunity to broadly discuss efforts to protect the environment. To pass the Earth on to future generations, we must act now, in this moment of prosperity, to safeguard our natural treasures. The most newsworthy policy announcement will be a ban on offshore oil drilling along the California Coast.

5/13 **Portland State University Commencement Address**

"The New Immigration: Building One America in the 21st Century"

Radio address (same topic)

The central theme of the Portland State Address will be immigration -- how it is essential to the American experience, how it has shaped our values and our culture, and how it can continue to strengthen and enrich our nation to this day. We are in the midst of the greatest wave of immigrants since the turn of the last century. This new wave of immigrants, just as previous waves did before, once again raises fundamental questions -- Is this immigration a good thing? And as our people become more ethnically and culturally diverse, what does it mean to be an American?

First, the speech will make a forceful case for why the new immigration is good for

Why
Speech
Speech
This seems
like a waste
unless there's
nothing else
to show

America -- as immigrants renew our cities, start new businesses, refresh our culture. It will make a strong case against the anti-immigrant backlash.

Second, at the same time, it will argue that to maintain a strong nation in the face of unprecedented demographic change, we must all redouble our commitment to our shared values and ideals -- America's 'civic religion' -- which has helped absorb every generation of immigrants. Immigrants must open themselves to the culture they find here, recognizing that fully participating in the broader community of their country of choice is not at odds with respect to the country of birth. And native-born Americans should treat the new immigrants as we would have wanted our grandparents to be treated.

6-8-98

THE WHITE HOUSE
WASHINGTON

June 6, 1998

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COS

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

While I was away I did some thinking about our present predicament and the strategic course the GOP is pursuing in 1998. The failure in the last ten days was not the repeated legal success of the Independent Counsel or the ineffective responses on the foreign policy front, it was the harmonic convergence of the those two worlds.

The best response to the scandal front is not good counter punches but real progress on the President's other fronts. An effective and strong President diminishes the scandals and emboldens Democrats to stick with him. The weight of Starr's victories on the legal front became magnified because of our inability to look and act in a decisive manner on the India-Pakistan or Kosovo issues.

In addition to the foreign policy arena, the announcements on the domestic front have not really measured up. The schedule has looked like a constituency driven schedule rather than a strategic plan driving the Presidency. Yes, the surplus announcement and welfare event were real positives, but a host of other announcements looked, sounded, and felt like radio addresses.

At the end of the day a President must be perceived as on the pitcher's mound throwing pitches or he is seen as in the dugout. The President must be characterized as leading, declaring, announcing or acting. The problem with last week is that while Starr was "winning" the President came across as ineffective on major foreign policy issues. The two worlds made the President appear diminished and drained. If we could not take clear and precise steps on the India-Pakistan front then we should have taken action in Kosovo where the goal line is clearer and more achievable.

While the Congress has chosen a course of conflict and confrontation and Starr's world will have its twist and turns, we need to be all the more sharper in the foreign policy and administrative arenas. The good news is that, from a brief review of the policy shops, I think we can change course and be seen as an effective and determined President.

6-8-98

We have a series of upcoming policy announcements that will provide the President opportunities to be very productive and effective. The most important thing we can do for Democrats in 1998 is keep the President's numbers high and create a favorable issue environment for our candidates to run on.

For example, next week we have the opportunity to make news on the Pay Equity event and the Oceans Conference. The key is to have a positive outcome concerning Mexico at the UN Special Session in New York Monday. The non-event related news is whether the NSC on Monday will be able to announce the military planning for Kosovo.

As we look down the road we have news to make on juvenile crime, kids and guns, the economy, and the environment. But we need to focus and dig deeper on policy and agency initiatives.



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

4-8-98

June 5, 1998

MEMORANDUM FOR THE PRESIDENT

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

*copied
Jones
Bowles*

SENATE TAKES FIRST WHACKS AT 21ST CENTURY RESEARCH FUND

** K* Earlier this week, the Senate Energy & Water Appropriations Subcommittee provided a concrete and disturbing look at how the 21st Century Research Fund is faring. The Subcommittee voted to cut DOE by \$1.6 billion from your request -- specifically targeting solar and renewable energy programs, a key component of your Climate Change Technology Initiative, which they funded at \$790,000 below last years level, and \$26.5 million below your request. We expect even more drastic reductions from the House, since their allocation was \$300,000 below the Senate's.

2B: TOBACCO NEGOTIATIONS SACRIFICE RESEARCH FUND

*Shirley
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fellow* In addition to the cuts from the Senate E&W Appropriations, the negotiations on tobacco legislation have resulted in substantially less for research programs than your budget calls for. Of the projected \$66 billion in tobacco revenues over the next five years, your budget proposes that \$25 billion go toward research -- \$17 billion for NIH, \$2.9 billion for NSF, and \$5.1 billion for other research agencies. Tobacco negotiations gutted that plan for FY99 -- your budget proposed \$3.6 billion from tobacco revenues for the Research Fund for America, but now money flows only to NIH, leaving nothing for NSF and other research agencies.

*see if
poss* Achieving your R&D goals will require that: 1) we identify other offsets within the caps; or 2) ~~Congress raise the caps (Sen. Stevens and Sen. Domenici have spoken publicly of this possibility).~~ OSTP continues to bring the science community together with Administration and Congressional staff to continue pushing forward your R&D budget request. However, the community is eager for a sign of where R&D funds will come from now that tobacco revenues have been negotiated away.

SPACE STATION COST ISSUES ON THE HORIZON

✓ In April 1998, a NASA Advisory Council completed an independent cost assessment (the so-called Chabrow Report) on the International Space Station, concluding that the program could be delayed by 1-3 years and may require \$130M-\$250M a year in additional development funds.

The Chabrow Report recommended a \$1.1B increase in funding over seven years to address cost and schedule risks in the program and cautioned that additional funds may be required to address Russian delays. NASA's preliminary position is that an additional \$2.2B over five years may be needed to address both U.S. program risks and Russian delays. Between now and June 15, when we must respond to Congress, we will work with NASA, OMB and OVP to review and refine these preliminary estimates. At that point, we will be in a position to evaluate specific trade-offs and funding implications as part of NASA's response to the Congress.

NASA AND BRAZIL COOPERATE TO REDUCE DEFORESTATION

During a meeting with Dan Goldin on June 4, Brazilian Ambassador Flecha de Lima and the Director General of Brazil's National Institute of Space Research reported that the Brazilian government is taking steps to monitor the upcoming forest fire season -- which generated such bad publicity last year -- using remote-sensing spacecraft. Specifically, NASA and Brazil have been working together in the area of remote sensing from space for two decades. Through the use of U.S. Landsat satellite and other data, the Brazilians are now able to monitor fires and associated deforestation to produce a reliable assessment of their extent. They are also using remote sensing for fire management.

AGENCIES MISS YOUR DEADLINE FOR CLASSIFIED RESEARCH REFORM

A suit was filed recently on behalf of individuals concerned with classified research involving human subjects. The Department of Justice is preparing a request for summary judgment to dismiss. The suit takes issue with the fact that you issued a Presidential memorandum on March 20, 1997, directing agencies to offer additional protections to subjects in classified research, by no later than March 20, 1998, and that deadline has passed without Federal action. A proposed rule has been developed, but only 10 of the 15 relevant agencies have signed off. Two steps will accelerate progress toward putting this rule change into effect. First, you can direct the delinquent agencies -- HHS, DOD, DOJ, HUD, and DOT -- to wrap up their review and approval of the NPRM. Second, the proposed rule change could go into effect immediately as an interim final, pending completion of the public comment period and development of the final rule. Offering these protections is the right thing to do and will not impede biomedical research. Human research subject protections will also be the subject of a June 11 hearing before Congressman Shays's Subcommittee on Human Resources of the Government Reform and Oversight Committee. Your National Bioethics Advisory Commission and the NIH Office for Protection from Research Risks have been asked to testify.

COURT ORDERS KENNEWICK REMAINS MOVED

On May 28 the U.S. District Court for the District of Oregon heard a series of concerns raised by plaintiffs in the Kennewick Man suit about the physical security and scientific integrity of the remains as they are being stored in the Pacific Northwest National Laboratory. The judge ordered the parties to work out a new location for the remains by July 1, a decision favored by the government. Sites under consideration include those with appropriate curation and laboratory facilities in Washington State and California. Meanwhile, mediation to address the

issues in the original suit is scheduled to take place June 17-18 in Portland, Oregon. Parties are in the process of selecting the mediator.

CONFIRMATION HEARING HELD FOR LANE AND BIERBAUM

On Tuesday, June 2, the Senate Commerce, Science and Transportation Committee held a confirmation hearing for OSTP Director-Designate Neal Lane and Associate Director for Environment-Designate Rosina Bierbaum. The hearing went very smoothly, with minimal questioning. We await a vote by the committee (delayed by Senator Goldwater's funeral) and action by the full Senate.

PCAST TO MEET JUNE 8-9

Your Committee of Advisors on Science and Technology will be meeting at the White House Conference Center next Monday and Tuesday. They will initiate new work on security and environmental issues, and continue their work on education and public understanding of science and technology. They will meet with the Vice President on June 8 in the Roosevelt Room.

ASSOCIATE DIRECTOR TO RECEIVE HONORARY DEGREE

Dr. Arthur Bienenstock will receive an honorary degree from his undergraduate alma mater, New York's Polytechnic University, on Sunday, June 7.

THE WHITE HOUSE
WASHINGTON

June 5, 1998

6-8-98

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Lewis
Spector
COS

MEMORANDUM FOR THE PRESIDENT

FROM: ANN LEWIS AND STACIE SPECTOR

SUBJECT: COMMUNICATIONS WEEKLY REPORT

Event Coverage

Yei
Ford

Census. This week's census event got wide print coverage. Our message broke through, as much of the coverage was framed around fairness and accuracy of the census. In addition to speciality press, we targeted the information to cities that are opposing the House of Representatives lawsuit against census sampling.

Strategic Communications

- **MIT.** Your MIT commencement address was cybercast by the University with 10 other Internet servers including Yahoo and others.
- **Oceans Conference.** We will be linking with the NOAA web site to cybercast the Vice President's plenary briefing next Thursday and your Friday address at next week's Oceans Conference in Monterey, CA.
- **China Trip.** The White House web page will be particularly important both as means of bringing the story of a changing and progressing China to Americans and as a way of communicating information about your activities as well as your remarks directly to members of the Chinese public. We are now planning ways to maximize this resource to ensure that we achieve our strategic goals for the trip.

Radio Address

Ford

Father's Day. Following up on a suggestion to focus on prostate cancer, the radio address during Father's Day weekend in two weeks will be on increased funding on research and treatment.

Speaking Engagements

- Ann was the keynote speaker at the annual meeting of the Women's Information Network.

6-8-98

THE WHITE HOUSE
WASHINGTON

June 6, 1998

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COS

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN 
SUBJECT: Climate Change Weekly Report

Congressional

 *Appropriations:* The Energy and Water appropriations bill was reported out of full committee on Thursday, and the climate change portion -- which funds our renewable energy efforts -- was slashed. Our proposed increase for FY 99 was rejected, while funding actually dropped below the FY 98 level. Sen. Jeffords, who secured 42 signatures on a Dear Colleague letter in April supporting our renewables request, plans to fight the renewables cut with a floor amendment. We are working with him, and provided a strong OMB letter to Sen. Stevens, the Appropriations Committee Chair, protesting the cut in renewables, as well as several other cuts in the Energy and Water bill. The Senate may take up the bill on the floor Wednesday. The House Energy and Water Subcommittee is scheduled to mark up their version of the bill on Wednesday as well.

Hearings. Climate change hearings were held in the House Small Business Committee and the Senate Energy and Natural Resources Committee. Janet Yellen gave her usual overview of climate change economics in the House hearing. The Senate hearing, chaired by Sen. Murkowski, who is hostile to our policy, focussed on a critical GAO report and included several mid-level Administration witnesses. Murkowski was particularly critical of what he sees as our perverse opposition to nuclear and hydro power, since neither emit greenhouse gases. Senators Grams and Craig were also hostile to our climate policy, while Sen. Bumpers was a strong defender.

Diplomatic

Bonn. The Bonn meeting (preparatory to the November "Conference of the Parties" meeting in Buenos Aires) began Monday and continues through the upcoming week. This is a mid-level, mostly technical meeting. The most controversial issue is emissions trading, which remains under attack from much of the EU and developing world. The EU released a paper today proposing tight restrictions on emissions trading, including a cap on the amount of emission allowances a country could purchase from abroad.

China. China signed the Kyoto Protocol this week, without fanfare. The signature doesn't mean that much, since the Protocol subjects China to no binding obligations (though China may cite it as evidence that it takes climate change seriously). To date, more than 35 countries -- including Canada, Australia, Japan and the EU -- have signed the Kyoto Protocol.

Korea. State Department officials met with Korean counterparts several times this week on climate change, in preparation for next week's summit. We are seeking Korean agreement to take an emissions target, and offering assistance from energy, environment and economics experts in that regard. No very positive response yet. Discussions will continue over the weekend.

Science

On Monday, the Vice President will hold an event in the Roosevelt Room presenting a new analysis by the National Oceanic and Atmospheric Administration suggesting that global warming is leading to more frequent and more intense El Ninos. The Vice President also will announce that each of the first five months of this year set a new temperature record, further evidence of a warming trend. NOAA Administrator Baker will summarize the impacts of this winter's El Niño and explain how early forecasts of the El Niño helped reduce the toll.

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



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

June 5, 1998

6-8-98

copied
McGinty
Bowles

MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE BOWLES

FROM: KATHLEEN A. MCGINTY

WR for KAM

SUBJECT: CEQ WEEKLY REPORT

PROTECTING COMMUNITIES FROM TOXICS

Nuclear Waste Interim Storage Legislation

On Tuesday, the Senate voted on a cloture petition for a bill requiring establishment of an interim storage facility for high level nuclear waste prior to completion of the scientific evaluation of Yucca Mountain. You have stated your intention to veto this bill, and the Administration fought hard against its passage. The petition for cloture was defeated by a vote of 56 - 39.

This is another one of several anti-environmental bills that this Congress has attempted to pass that would roll back public health standards or natural resource protections. However, the defeat of this effort on Thursday illustrates our ability to thwart these attempts by standing firm and getting the word out on their environmental implications.

RESOURCE STEWARDSHIP

Coho Salmon Decision

In 1997 the National Marine Fisheries Service formally decided not to list coastal coho salmon in Oregon and instead endorsed the "Oregon Plan." On Monday, a Federal Magistrate found the 1997 decision arbitrary and capricious.

The Oregon Plan to restore salmon and watersheds is an innovative approach to restoring endangered and threatened species on a watershed approach through collaboration. It is an alternative to Federal regulatory action. This court finding would be a major setback to efforts to find creative, nonregulatory approaches toward the restoration of salmon throughout the Northwest and in Maine. On Thursday, Governor Kitzhauber announced the State of Oregon's intent to appeal the decision.

Can we support
Oregon's appeal

Idaho Bombing Range

Senator Kempthorne recently inserted a provision in the Defense Authorization bill that would create a U.S. Air Force bombing range on Bureau of Land Management (BLM) land in Idaho. After concerns were raised by several Members of Congress and environmental groups that the provision could seriously affect Native American, wildlife, and recreational interests, Kempthorne offered to work with the Administration on a compromise.

This week, the Air Force and BLM reached an agreement that addresses many of the environmental concerns. The agreement allows the Air Force to withdraw land from BLM for the bombing range on the condition that it incorporate time restrictions on its use of the range, therefore minimizing the impacts on the affected groups. The Air Force will also provide access to the Shoshone-Paiute tribes of the Duck Valley access to their sacred sites. The environmental community will not be happy about our compromise, but the only outcome that would please them is to allow absolutely no construction of any training facility. We feel that this is the best, most mutually beneficial compromise available.

SUSTAINABLE COMMUNITIES

President's Council on Sustainable Development

On Thursday, the President's Council on Sustainable Development held a public meeting in Washington. Discussion focused on the Council's work on climate change. Presentations were made by BP America President Steve Percy, Environmental Defense Fund President Fred Krupp, and General Motors Vice President Dennis Minano. The discussion highlighted the importance of providing credits for early action to reduce emissions of greenhouse gases. After the meeting, Council leaders met with the Vice President to discuss credit for early action. It was agreed that the Council would provide recommendations to the Administration by the end of the month.

The PCSD remains an excellent forum for bringing together business, environmentalists, and the federal government to seek common ground on issues such as climate change policy. In addition, the Council publicly presented its plans for hosting a "National Summit for a Sustainable America" in Detroit in May 1999. We are anticipating 3000 attendees at the Detroit event, with satellite efforts held in communities across the nation. Ray Anderson, CEO of Interface Inc. and Administrator Browner are co-chairing the effort. The local host committee is co-chaired by Detroit Mayor Dennis Archer, Wayne County Executive Ed McNamara, and General Motors Vice Chairman Harry Pearce.

discuss Medicare projections and major issues related to: benefits, eligibility, costs, management, and financing. On benefits, there is growing agreement that the benefits should be rationalized (e.g., include prescription drugs, make cost sharing consistent), although some like Phil Gramm raised concerns about costs. There was also an extensive discussion of HCFA management. One area of consensus -- even among the Republicans -- was that there is too much micromanagement of HCFA; it should be given more authority to use private practices such as competitive bidding. There was also a debate, with no consensus, about whether FEHBP could be used as model for administering Medicare. We are preparing a NEC/DPC memo that explores this question. At the end of the meeting, Senator Breaux allowed a representative from the National Council of Senior Citizens to request additional opportunities for beneficiaries and other affected parties to be heard. Breaux committed to additional forums for discussion, including two field hearing in early July. The next full Commission meeting is scheduled to be held on August 10.

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National Homeownership Week: As part of National Homeownership Week (June 6-13), there will be nearly 1,000 events across the country -- ranging from award ceremonies to seminars, and from homebuyer training seminars to groundbreakings and ribbon-cutting ceremonies. Over 400 members of Congress have pledged to help build a home under the auspices of Habitat for Humanity and the National Partners in Homeownership -- at least 99 of the "House that Congress Built" events will take place *next week*. Your radio actuality and your proclamation on National Homeownership Week will be faxed out to each of the National Partners so that we can get the message out on the policies we have put in place (and the policies in your budget) to help expand homeownership and empower communities.

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Bankruptcy: After a thorough interagency process, the NEC will provide you next week with a decision memorandum on the issues presented by the House and Senate consumer bankruptcy reform bills. The Administration has already stated its strong opposition to the House bill, which is slated to go to the House floor next week. It is unclear when the more promising, but still quite flawed, Senate bill will move.

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6-8-98

THE WHITE HOUSE
WASHINGTON

June 6, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

RE: NEC WEEKLY REPORT

cc: ERSKINE BOWLES

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China MFN: Your economic team was aggressive this week in underscoring the enormous risks of playing politics with MFN. The Senior Administration officials (myself, Barshefsky, Rubin, Daley, Echaveste) reached key CEOs. I addressed the board of the U.S.-China Business Council, Secretary Rubin addressed their 25th Anniversary Gala, and Daley, Barshefsky, Steinberg and Rubin addressed the President's Export Council. The June 3 letter to you from Gingrich, Archer and Crane supporting MFN is clearly good news. Senator Lott has made some positive noises in the last day or two, but we need to continue our discussions with him. We understand there have been no final decisions on the timing of a vote, but indications from majority Ways and Means staff point toward a vote in July following your trip to China. Larry Stein is leading the effort to push this down. Business issued strong statements in support of your decision to renew. Fearful of an early vote and unclear where Republican leadership would come out on MFN, business welcomed Gingrich's announcement to renew MFN, but plans to take nothing for granted. Please find attached the one-page Administration China MFN fact sheet.

China WTO: On Thursday (6/4), the NEC held a principals meeting on China WTO accession negotiations. We have reason to believe China may be prepared to take positive steps to reach a market access agreement prior to the Summit. (Sandy Berger or I can provide more detail separately.) It remains unclear, however, what those steps will be or whether they will be sufficient. We remain very far apart right now on sectors such as agriculture, autos, chemicals, financial services, and pharmaceuticals, whose industries are critical to domestic support for any market access agreement. Ambassador Barshefsky will arrive in Beijing on June 17 for negotiations. China is refusing to negotiate with anyone else, and will not table its proposal beforehand. We will press hard for a market access agreement over the next few weeks, but need to keep expectations low, as we do not know, and are somewhat skeptical, that China will come far enough.

Africa Trade Bill: Sandy Berger and I co-chaired a meeting Friday afternoon, with Charlene, Larry Stein, and Sylvia on how we could move the Africa Trade Bill in the Senate where it is currently stalled. It was agreed that Sandy, Charlene, Larry Stein, and myself will all make calls from coordinated talking points to encourage members to move on the bill this session. We will be meeting with Representatives from the House later next week to follow up on their request to get a more significant commitment from the Administration on this important legislation.

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IRS Reform: This week we gave our views on the IRS legislation to members of the House and Senate conference. The letter from Secretary Rubin outlined all that we have done to reform the IRS, our interest in moving IRS reform legislation, as well as particular provisions we have concerns with. Before the letter was sent, we held an Economic team meeting on how the letter should address the budget ramifications of the Congressional bills. According to Treasury estimates, the Senate bill still loses \$7.3 billion over five years. The dilemma we face is how to raise this point to facilitate correcting it without setting ourselves up if the scoring issue is not cleared up and you are presented with a bill to sign. We decided to couch the new scoring estimates in language to the effect that we will work with conferees to ensure that the bill is fully paid for and avoids a sequester. We will now try to work with conferees to try to bring the cost down.

SAVER Summit: We will attempt to capitalize on the Speaker's remarks that showed support for reducing the vesting period for employer 401 (K), a new defined benefit plan and tax cuts to bear costs for small businesses starting up pensions. We received positive news coverage and NBC did a detailed in-depth piece with quotes from both you and Secretary Herman.

House Budget Resolution: On Friday (6/5), the House passed the Kasich budget 216-204 (3 Democrats voted for the Kasich plan and 9 Republicans voted against the Resolution). During consideration of the Resolution, the House defeated the alternative conservative budget by a vote of 158-262; and defeated the Spratt/Democratic budget 164-257. The House-passed and Senate-passed versions of the budget resolution now go to conference. We put out a statement from you calling the Kasich budget a "step backwards that would mean severe and unnecessary cuts in education, the environment, and health care." In the next week, we will step up our attacks on the Kasich budget. You should know that the Kasich budget would lead to a 14-percent cut in the area of the budget that funds critical education, environment, law enforcement, and research and development initiatives in 2003. If these cuts were applied across-the-board, this would mean, for example, that 85,000 children would be denied Head Start opportunities and 162,000 students would be denied Pell Grants in 2003.

Working with Rev. Jackson re: Channeling Private Capital to Disadvantaged Areas. On May 7, 1998 the Rev. Jesse Jackson held a meeting with Sandy Weill (Chairman and CEO of Travelers Group), Lamond Godwin (Chairman and CEO of Peachtree Asset Management), Jim Hill (Oregon State Treasurer) and other corporate officers to "explore ways to use the nation's billions of dollars in private capital and pension funds to effectively rebuild America." The result of this brainstorming session was a very preliminary concept paper describing a government-backed investment vehicle that Rev. Jackson calls a "domestic OPIC." Rev. Jackson subsequently met with Erskine Bowles and me to further discuss this concept. On Monday, I am taking a team of a few Administration officials, including Treasury and SBA, to New York to meet with Rev. Jackson and a group of CEOs and top officials from financial services firms, including Travelers and NationsBank, to explore potential structures for this investment vehicle and ways the Federal government could support (e.g., indirectly) such an effort.

Medicare Commission: The full Medicare Commission met on Monday and Tuesday (6/1-2) to

discuss Medicare projections and major issues related to: benefits, eligibility, costs, management, and financing. On benefits, there is growing agreement that the benefits should be rationalized (e.g., include prescription drugs, make cost sharing consistent), although some like Phil Gramm raised concerns about costs. There was also an extensive discussion of HCFA management. One area of consensus -- even among the Republicans -- was that there is too much micromanagement of HFCA; it should be given more authority to use private practices such as competitive bidding. There was also a debate, with no consensus, about whether FEHBP could be used as model for administering Medicare. We are preparing a NEC/DPC memo that explores this question. At the end of the meeting, Senator Breaux allowed a representative from the National Council of Senior Citizens to request additional opportunities for beneficiaries and other affected parties to be heard. Breaux committed to additional forums for discussion, including two field hearing in early July. The next full Commission meeting is scheduled to be held on August 10.

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THE WHITE HOUSE
WASHINGTON

June 4, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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this to Kalam
from Gary Weiss*

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1. Tobacco -- Senate Update: The Senate passed two amendments to the McCain bill this week. The first, sponsored by Senator McCain and approved by voice vote, provides \$3 billion over five years to the Veterans' Administration to assist veterans with smoking-related illnesses. The second, approved by a 66-29 vote, greatly increases the surcharges imposed on individual companies that fail to meet youth smoking targets. This amendment, supported by most Democrats as well as by those Republicans who want to kill tobacco legislation (on the theory that a lack of balance will bring the bill down), would impose penalties equaling or exceeding anticipated industry profits on a company that has a significant youth market and misses its youth reduction targets by 20 percent.

Next week, the Senate is scheduled to consider a proposal by Senator Gramm to use tobacco revenues for a tax cut to all married couples earning less than \$50,000 per year (whether or not they now pay a marriage penalty). A prior version of this proposal would have decimated just about all other spending immediately, but Gramm reportedly is phasing in his amendment to avoid this result. The latest version would cost \$13 billion over the first four years (28 percent of total receipts), an additional \$30 billion in the next five years (42 percent of total receipts), and \$225 billion in the remaining years of the bill (78 percent of total receipts). Even this "scaled back" version of the amendment, of course, is incompatible with our and the Democratic Caucus's spending priorities. For this reason, Senator Daschle has prepared an alternative tax amendment, which would provide relief for those married couples earning less than \$60,000 per year who now pay a marriage penalty, as well as accelerating the deductibility of health insurance costs for the self-employed. This alternative proposal would cost \$11 billion over the first four years and would continue to consume between 20 and 25 percent of total revenues throughout the lifetime of the bill. It is conceivable that McCain and Senator Kerry will strike a deal with Gramm next week that splits the difference between these two proposals. Such a compromise certainly would grease Senate passage of the tobacco bill, but at some cost to our public health and research priorities.

The Senate also is expected to vote next week on an amendment offered by Senators Craig and Coverdell, which would allocate about \$2 billion each year to anti-drug efforts, again cutting into the funding available in the bill for public health and research. The Craig-Coverdell amendment also includes a permanent prohibition on the use of federal monies for

*This is a
policy*

needle exchange and a program to allow education vouchers to students who have been the victims of school violence. We are working to draft a modified version of the Craig-Coverdell amendment that spends less money on anti-drug efforts and eliminates the amendment's poison pills. We hope that we will be able to convince a bipartisan group of Senators, including McCain and Kerry to support this modified anti-drug amendment.

Cloture votes are scheduled for Tuesday and Wednesday, but because Senator Lott strenuously opposes cutting off debate at this time, no one expects these motions to pass. We are hopeful that by the end of the week, the Senate will have dealt with the tax and drug issues, as well as the two Republican substitute bills and the farmers provisions, and that it then will be ready to vote for final passage.

Good!!
try to get this done!

2. Health -- Patients' Bill of Rights: Congressman Norwood called Chris Jennings on Thursday to express interest in organizing a discharge petition that would send patients' bill of rights legislation immediately to the House floor for a vote. As you know, Norwood is the author of a patients' bill of rights bill with over 200 co-sponsors. Norwood told Chris that he might be interested in entering into negotiations with Congressman Dingell to merge their bills and bring the resulting legislation to the floor. Norwood said, however, that he would wait until the end of this month before firmly committing himself to this course of action, in order to give the House Republican Task Force a final chance to offer a proposal that he believes can pass the Congress. Chris is meeting with Dingell this week to discuss Norwood's proposal.

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3. Health -- Prostate Cancer: We will announce on or around Father's Day the release of over \$25 million in new Department of Defense grants for prostate cancer research. This announcement will allow us to highlight significant actions the Administration has taken or can take in the future to prevent prostate and colorectal cancer. In response to new scientific developments, the National Cancer Institute (NCI) is increasing funding for research in this area, and these new research efforts will proceed even more quickly if Congress passes your proposed 67 percent increase in cancer research. In addition, the NCI is beginning new clinical trials on prostate cancer, which will have the greatest chance of success if Congress enacts your proposal, now included in the McCain tobacco bill, to provide Medicare coverage of cancer clinical trials. Finally, the new Medicare preventive benefit for prostate and colorectal screening will go into effect in the year 2000, by which time further developments in testing and treatment should ensure that this benefit will lead to lower mortality rates.

4. Health -- Assisted Suicide: The Justice Department issued an opinion letter on Friday stating that the Controlled Substance Act (CSA) does not give the Drug Enforcement Agency the authority to take adverse action against physicians who assist their patients to commit suicide. As you will recall, Senator Hatch and Congressman Hyde requested this opinion in the hope that the CSA would preempt Oregon's new assisted suicide law. As you directed, the Justice Department's letter notes your "longstanding position against assisted suicide" and indicates that you "remain open to working with . . . members of Congress on this

complex but extremely important issue." We expect Hyde and Hatch, and perhaps Senator Nickles as well, to introduce legislation soon that would make physician-assisted suicide a federal offense enforceable by the DEA or some other federal agency.

5. Health -- Medicare Coverage of Abortion: We are currently considering issues relating to Medicare coverage of abortions, which have been raised by Senator Nickles and the Catholic Health Association (CHA). The issues arise because some women of child-bearing age receive Medicare benefits as a result of their eligibility for Social Security Disability Insurance. The CHA is concerned that Catholic institutions will have to provide abortion services if they wish to become Provider Sponsored Organizations eligible for Medicare payments, as allowed under the Balanced Budget Act. CHA and Nickles have asked the Administration whether the Hyde Amendment applies to the Medicare program and/or whether Catholic institutions can refuse to provide abortion services for religious reasons under the Medicare program. We are working with HHS, OMB, DOJ, and the Counsel's office to determine current Medicare coverage practices as well as to develop options on how to respond to these inquiries. We are very concerned that Senator Nickles will soon highlight this issue, adding it to the growing list of abortion proposals Congress will take up this year. We will send you an options memo this week.

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6. Health -- Medicaid Coverage of Viagra: HHS is expected to announce this week that the Medicaid statute requires coverage of Viagra as long as it is prescribed for a medically necessary reason. To prevent abuses, states can impose a prior authorization requirement (which requires physicians to provide an explicit medical rationale for the dispensing of this medication) and limit the number of pills an individual can receive. Even with these protections, states will oppose the HHS ruling vigorously; they fear that it will open the door for required coverage of numerous other "designer drugs." In issuing its ruling, the Department will stress that the Secretary has authority to reverse the ruling and exclude the drug if experience shows that the drug is being inappropriately or excessively prescribed. HHS will work closely with state Medicaid directors to collect data on Viagra prescriptions, so that it can determine in the future whether such an exclusion is warranted.

7. Health -- Private Plans' Coverage of Viagra and Birth Control: Although most private plans have decided to cover Viagra (with various kinds of limitations), many still do not cover birth control pills. Some women's groups charge that these coverage rules demonstrate a kind of double standard; these groups support a bill, introduced this year by Senator Snowe, that would require private plans to cover birth control. (Medicaid does require coverage of birth control pills, so there is no federal disparity on this issue.) Since the debate on the Health Security Act, we have generally hesitated to endorse benefit mandates in private insurance. We can expect, however, to face increasing pressure on this issue from the women's community during the next Congress.

8. Health -- Genetic Discrimination Legislation: Labor and Human Resources Committee Chairman Jeffords has asked us to participate in a workgroup to develop a bill

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prohibiting genetic discrimination by health insurance plans. This legislation responds to your call to build on the anti-genetic discrimination provisions in the Kennedy-Kassebaum law by passing new protections (1) to ensure that genetic information is not used to deny access to health insurance or to raise premium rates and (2) to prevent insurance companies from disclosing genetic information to other parties. Jeffords intends to put forward a freestanding bill containing these protections because he believes that the Senate may not pass any broader health initiative this year. We are somewhat concerned that Jeffords will produce a watered-down bill in order to increase its chance of passage, but we will participate in his workgroup in the hope that we can prevent this outcome.

9. Health -- Ricka Powers Case: The Vice President spoke on Wednesday to the AARP Conference in Minneapolis, where he called on Congress to pass a patients' bill of rights and highlighted the experience of Minneapolis resident Ricka Powers to show the need for such legislation. Following the event, the HMO that Ms. Powers accused of mishandling her case (Health Partners) vehemently denied her accusations. Because Minnesota law prohibits the plan from releasing specific information about a case without the patient's permission -- which Ms. Powers declined to give -- we cannot determine the full truth of the matter. We therefore recommend that you and the Vice President avoid referring to this case in the future.

10. Welfare Reform -- HHS Study: HHS just announced that it will make funds available to eight to ten states to track people leaving the welfare rolls. The studies also will attempt to collect information on families that are not coming onto the welfare rolls because of diversion programs, new eligibility rules, or other factors. Results of the study probably will not be available for several years.

11. Drugs -- Drug Courts: The National Center on Addiction and Substance Abuse (CASA) released last week the first major study on the effectiveness of drug courts. The study found that drug courts provide more comprehensive supervision, monitoring, testing, and treatment than other forms of community supervision of drug offenders. According to the report, 55 percent of drug courts require at least two drug tests per week, 35 percent require weekly tests, and 10 percent require tests every other week. By comparison, among jurisdictions using simple probation supervision, none require drug tests more than once each week, eight percent require weekly tests, 52 percent require monthly drug testing, and 33 percent test on a less frequent or random basis. In addition, CASA found that drug use and criminal behavior are substantially reduced while offenders are under drug court supervision, as well as after they leave the program. Drug courts have flourished in the past few years, largely because of the 1994 Crime Act which authorized the first-ever federal funding for drug courts. Between 1995 and 1997, the Justice Department provided \$56 million to drug courts, and as of last month, drug courts existed in 275 jurisdictions.

12. Children and Families -- Child Support Bill: You will soon receive for signature the legislation you called for in 1996 making it a federal felony for parents to cross

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6-8-98

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state lines to evade child support. The Senate approved the bill by voice vote yesterday, while the House passed it by a vote of 402-16 last month.

13. Women's Issues -- Equal Pay Act Event: You, the Vice President, and the First Lady are currently scheduled to participate in an event on Wednesday to commemorate the 35th anniversary of President Kennedy's signing of the Equal Pay Act. Dr. Dorothy Height, who attended the signing in 1963, is also expected to participate. You will urge Congress to pass Senator Daschle's and Congresswoman DeLauro's equal pay bills, which would strengthen enforcement of the Equal Pay Act -- primarily by providing for compensatory and punitive damages, rather than mere liquidated damages and backpay. (The Vice President previously announced the Administration's support for this legislation.) You also will release a report by the Council of Economic Advisors on the wage gap, which shows that although the gap between women's and men's wages has narrowed substantially, women still make just over 75 percent of what men do.

14. Education -- Class Size Reduction: Senator Murray is preparing to introduce your class size proposal within the next week to ten days. She has lined up 10 to 12 cosponsors, and believes she can more than double that number before the bill is introduced if she can identify a credible offset to replace the tobacco funding we proposed in our budget. We and OMB have been working with Murray's office to identify potential offsets, and will suggest several to her this week. We are also working closely with Murray, as well as with Senator Daschle, the teachers' unions, and other education groups, to design and carry out a coordinated legislative, communications, and grass roots strategy on this issue.

15. Education -- Bilingual Programs: The House Education and Workforce Committee passed, on a party line vote, Congressman Riggs' proposal to replace the existing bilingual and immigrant education programs with a block grant to states that requires all students to be placed in regular English-language classes within 2 years. The Education Department is nearing completion of an Administration alternative to this bill, which will be ready for transmission by the end of next week, should you wish to put an alternative forward now rather than waiting for the reauthorization of the bilingual program next year. The Hispanic Caucus is strongly opposed to the introduction of any alternative at this time, but other Democrats may want the cover that an alternative bill would provide in order to vote against the Riggs bill. We will send you a memo on this issue this week.

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WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

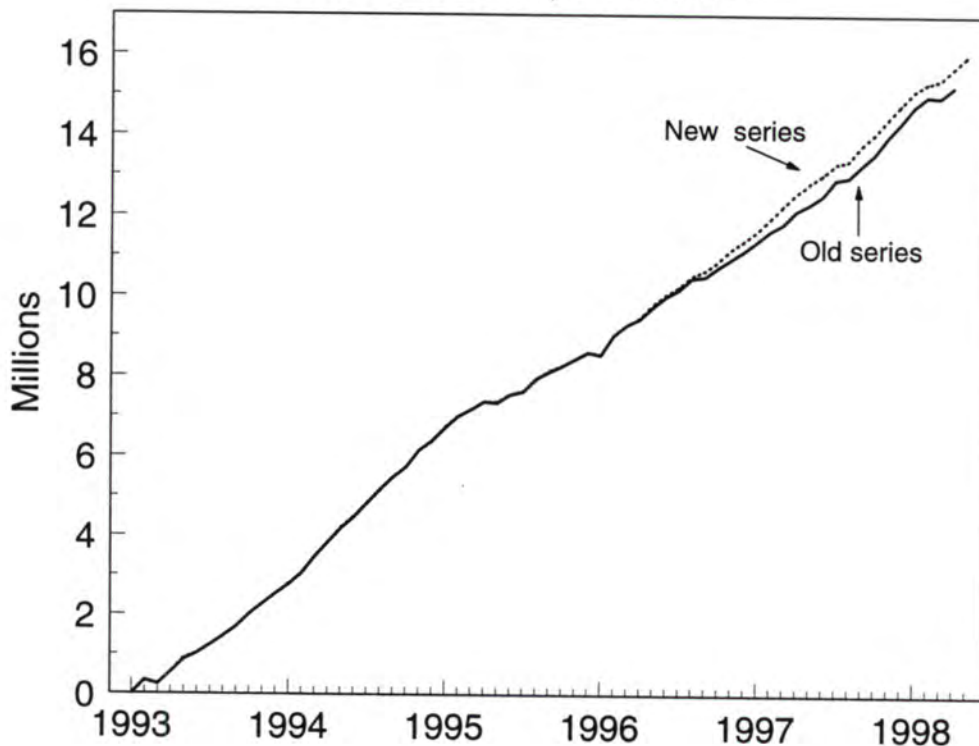
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

June 5, 1998

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CHART OF THE WEEK

Job Creation Tops 16 Million



Today's employment numbers show that the total number of jobs created since January 1993 now exceeds 16 million. Two factors are important. First, job growth was strong in May (296,000). Second, the figures for earlier months have been revised, adding another 468,000 jobs to the total. These revisions mainly arise from the Bureau of Labor Statistics' annual reconciliation of the monthly establishment survey (which covers about 40 percent of total employment) with more comprehensive administrative data.

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DEPARTMENTS

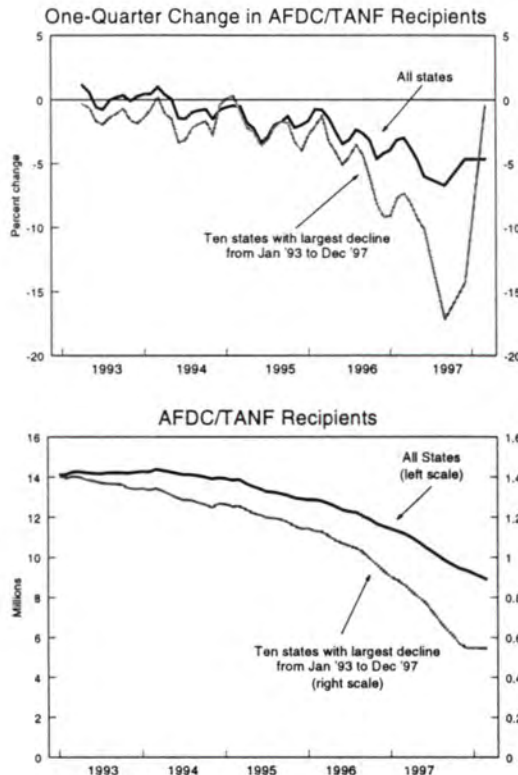
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CURRENT DEVELOPMENT

Sharp Decline in Welfare Rolls Continues

The number of AFDC/TANF recipients declined by 37 percent between January 1993 and March 1998. The fraction of the population receiving TANF/AFDC has reached its lowest level since 1969.



Still going... Nationally, the number of recipients is still declining at a rapid rate, about 5 percent in the first quarter of 1998 (see top chart). The 10 states that had the largest early reductions (from January 1993 to December 1997) saw little further change in the first quarter of this year (see lower chart). However, this "slowdown" followed three quarters of double-digit declines, and the number of recipients in these states has reached a fairly low level—about 40 percent of the 1993 peak.

On the one hand... Some critics of welfare reform interpreted rapid caseload declines as "creaming" of easy-to-place recipients from the rolls. In this view, achieving further reductions would become harder as the caseload increasingly became composed of less-

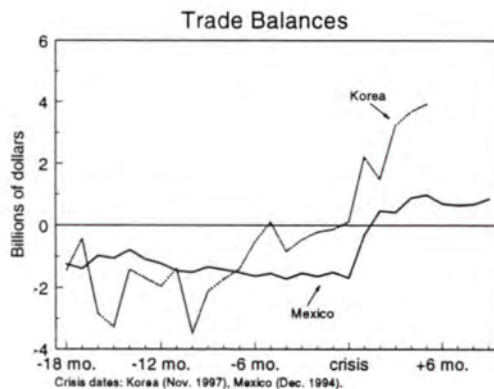
job-ready recipients. In fact, a few states may be reaching this point—but only after large declines. For example, the number of recipients in Wisconsin rose in the first quarter of 1998—the first quarterly increase since early 1994. But recipiency is still down about 80 percent since January 1993.

On the other hand... Moving to work is a formidable challenge for some TANF recipients. However, over 3 years of unabated declines in the number of AFDC/TANF recipients nationwide suggest that the number of "hard-to-place" recipients is smaller than expected. Of course, a very tight labor market has also encouraged employers to hire recipients who would be considered difficult to place in a weaker economy.

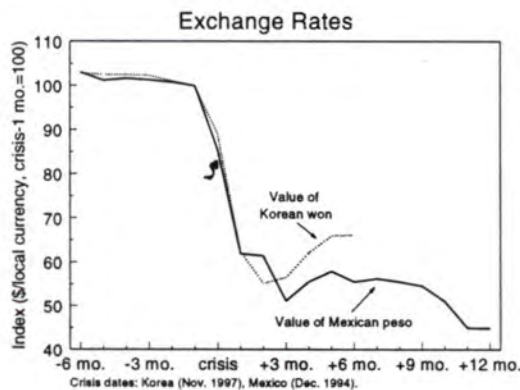
SPECIAL ANALYSIS

Mexico 1994-95 as a Benchmark for Korea 1997-98

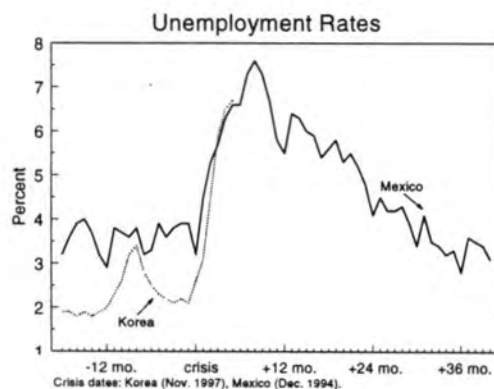
To judge the progress of Korea since it contracted the Asian flu in about November 1997, it may be worth recalling the time line of the Mexican experience following the peso crisis of December 1994. While there are many important differences between the two cases, Mexico and Korea shared relatively strong fiscal situations and large trade deficits prior to their crises. They both had relied heavily on short-term foreign currency-denominated borrowing, with the result that there were heavy costs when devaluation came. And, in both cases, the response included IMF rescue packages, with U.S. participation, and macroeconomic retrenchment.



Trade balances. Mexico saw a sharp improvement in its trade balance in the few months immediately after the peso crisis. It turned a substantial deficit—which it was no longer able to finance by borrowing from abroad—into a surplus. Korea has now accomplished a similar turnaround (see upper chart). Unfortunately, in both cases, the initial trade balance improvement largely took the form of reduced imports.



Interest and exchange rates. During the 3-10 months after the start of the Mexican crisis, financial markets stabilized and began to recover. Interest rates peaked at 3-4 months and then came down from their very high levels. The currency recovered a bit at 4 months and then, after some further depreciation, steadied at the end of the year. So far Korea has followed a roughly similar pattern (see middle chart). By one financial criterion Korea has done better: It was able to raise long-term voluntary loans in the private market just 4 months after the crisis, whereas it took Mexico 7 months.



The real economy. Reducing unemployment and restoring economic growth are ultimately the test of successfully weathering a crisis. In

Mexico, unemployment peaked at the eighth month and the economy began to grow again in the fourth quarter, re-attaining its pre-crisis level of GDP after 10 quarters (see lower chart on previous page). It is too early to know whether Korea will follow suit.

Conclusion. Since the policy response to the Mexican crisis is now generally viewed as having produced satisfactory results, the time-pattern of economic developments there may be a useful benchmark. At a time of renewed financial pressures in East Asia, it is encouraging to note that the Korean experience is, to date, consistent with the Mexican episode. It remains to be seen, however, whether the parallel continues to hold up, let alone whether Southeast Asia does as well as Korea.

SPECIAL ANALYSIS

Efficiency and Market Power in the Airline Industry

A major unexpected consequence of the deregulation of the airline industry in 1978 was the emergence of hub-and-spoke networks (see box on next page). All major airlines now have one or more hubs at which many of their long-distance passengers change planes. Although hub-and-spoke networks appear to offer operating efficiencies that lower airlines' costs, they may also affect competition.

Efficiency. Hub-and-spoke networks reduce costs because of "economies of density." The more passengers who travel on a given route, the lower will be the cost per passenger. Higher traffic density on a route reduces costs because it allows the airline to use larger, more efficient aircraft and to operate this equipment more intensively. A study using 1985 data finds that the cost of carrying an extra passenger on a high-density route is as much as 20 percent below the cost on a low-density route. Because of these economies of density, a hub-and-spoke network, which has fewer but more heavily traveled connections, is cheaper to operate.

Concentration. Since most hub airports can accommodate large-scale operations of only one airline, hub airports are often served by a relatively small number of carriers. As a result, there is often very little competition on routes to or from a hub. Many studies have shown that average prices for local traffic at these airports are significantly higher than prices on other routes. However, in considering the effects of hub-and-spoke networks on hub passengers, one must also take into account the general reduction in airline prices due to increased efficiency. One study finds that travelers to and from concentrated hubs still pay less than they did prior to deregulation.

Mergers, competition, and costs. The trade-off between reduced competition and reduced costs in the airline industry is further illustrated by the 1986 acquisition of Republic by Northwest. During the mid-1980s, antitrust enforcement in the airline industry was relatively relaxed: Between 1985 and 1988 the Department of Transportation reviewed airline mergers, and the Justice Department was not given the authority to review airline mergers until 1989. Even though the Northwest-Republic merger eliminated competition between the airlines at their shared Minneapolis hub (and was opposed by the Justice Department in comments to DOT), the merger was approved. By creating a monopoly on several routes and reducing the number of competitors on others, it is likely that the merger increased Northwest's market power.

However, the Northwest-Republic merger also probably reduced costs. Airline mergers can increase traffic density, thereby reducing costs, in at least two ways. First, the merging airlines can combine their traffic on routes where they both provided service prior to the merger. Second, as long as the networks of the merging

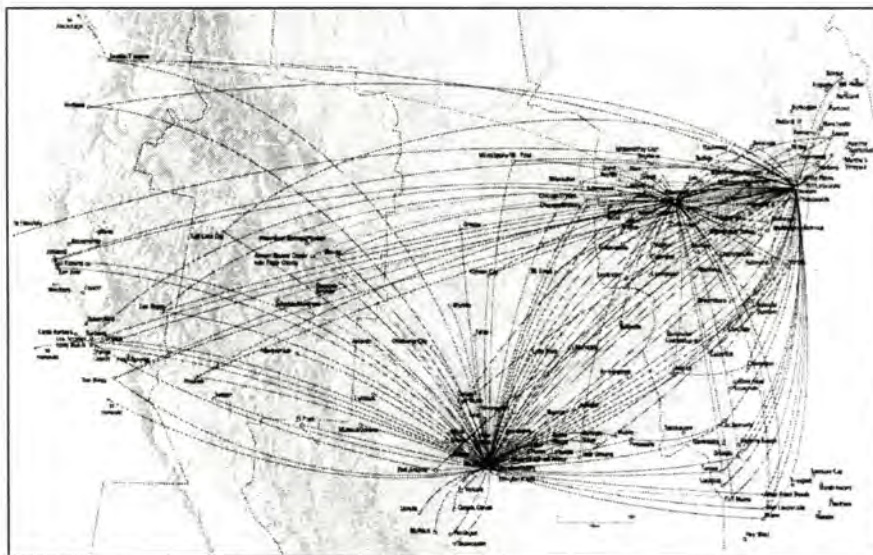
airlines do not overlap completely, the merger increases demand by increasing the number of possible destinations.

The price changes resulting from the Northwest-Republic merger provide evidence on the competition effects and cost effects of the merger. Overall, the prices of Northwest-Republic on flights to or from Minneapolis rose by 11 percent more than the industry average during the 3-year period surrounding the merger, which suggests that the merger increased market power more than it reduced costs. Evidence that the merger did in fact reduce costs is provided by the price changes on routes *connecting* at the Minneapolis hub. Since connecting passengers typically have a choice of whose hub to connect through (for example, a passenger wishing to fly from Bismarck, ND, to New Orleans might fly either Northwest through Minneapolis or United through Denver), increases in concentration at a single hub are less likely to be reflected in the prices of connecting routes. Prices for passengers connecting through Minneapolis on Northwest-Republic fell by 1.5 percent relative to industry average prices.

Implications. Issues of efficiency and concentration that have emerged with the development of hub-and-spoke networks in the airline industry illustrate more general issues germane to evaluating the current merger wave. Increased concentration often results from technological or managerial changes that produce real efficiencies and potential consumer benefits. But, as the Northwest-Republic merger illustrates, concentration can sometimes also confer market power.

Continental Airlines' Route Map

The route structure of Continental Airlines, with its hubs in Houston, Cleveland, and Newark, is an example of a hub-and-spoke network.

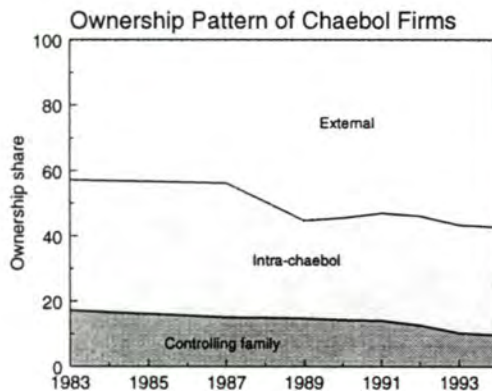


ARTICLE

Industrial Organization in Korea: The Trouble with Chaebols

The large business groups known as chaebols may in the past have facilitated economic development in Korea through institution-building. But their efficacy has come under increased scrutiny, and reform is in the air.

What are chaebols? Following World War II, the Korean pieces of the large Japanese *zaibatsu* conglomerates that had dominated pre-war Korean industry were reorganized into early chaebols. In subsequent years, government policy continued to play a role in the development of chaebols. In the 1970s, for example, government-led growth strategies explicitly favored heavy industry and chemicals. The top 30 chaebols have grown to account for 40 percent of Korea's industrial shipments and almost 20 percent of its workforce. One distinct characteristic of chaebols is the diversity of their business operations: The top 5 have, on average, 42 subsidiaries in some 30 industries. A second is the dominance of a particular family in ownership and control.



Trends in ownership. Historically, the controlling family and other firms within the chaebol have held a majority ownership of each firm within the group. However, the ownership share of the dominant families has been declining in recent years (see chart), and government restrictions imposed in 1987 have reduced the extent of intra-chaebol ownership among firms. Accordingly, a growing share of ownership is held outside the chaebol.

Why merge unrelated industries? As collections of firms in largely unrelated industries, chaebols resemble the conglomerates formed in the U.S. merger wave of the 1960s. In Korea this structure evolved, in part at least, from generous government export incentives to large companies in strategic industries. Because these incentives were based on the value of exports, chaebols found it worthwhile to expand into unrelated final goods industries that relied on the export of assembled imported parts.

Excessive diversification. Even before the crisis, the government had come to view the chaebols as "recklessly diversified." This excessive diversification was possible because loans were obtained on the basis of the financial well-being of the group rather than on the merits of particular investment projects. This has permitted expansion into areas that might not otherwise have received the backing of creditors.

Debt-to-equity ratios for chaebols are significantly higher than those of large enterprises in Japan, let alone those in Taiwan or the United States.

The chaebols' role in Korean market structure. Although the chaebol is the most prominent management structure, Korea has approximately 2.4 million non-chaebol-related small- and medium-sized enterprises. Of these, 300,000 are in the manufacturing sector and compete with chaebol-controlled enterprises. Given the large number of enterprises, measures of aggregate concentration (such as the share of assets held by the top 100 firms) resemble those of other countries, including the United States, Germany, and Canada. However, this statistic masks the extent to which productive capacity and market power in many industries are concentrated in the hands of one or a small number of firms. Chaebols dominate a significant proportion of the markets labeled uncompetitive by the Korean Fair Trade Commission in 1996.

Reform proposals. Imposing restrictions on chaebol activity is not new in Korea. In his inaugural address, President Kim expressed a determination to carry out more significant measures designed to deconcentrate economic power. These reforms in large part parallel demands made by the IMF and World Bank. They include reforms in the areas of corporate governance (increased transparency of corporate management and increased accountability of majority shareholders and managers); finance (ending guaranteed loans among group subsidiaries); adherence by chaebols to core lines of business; and support for small business.

Conclusion. Although chaebols may have served Korea well in the past, the current consensus seems to be that they have outlived their usefulness. It is possible that the Asian crisis and the election of a pro-reform administration have come together at an opportune time, allowing important reforms that otherwise might not have been possible.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Auto Sales Jump in May. Sales of light motor vehicles surged to more than 16 million units at an annual rate in May—well above the 15 million unit pace of the past 2½ years, and the highest selling pace in this decade. In addition to healthy real income gains, analysts cite an incentive program in which the Big-Three automakers mailed “loyalty coupons” offering discounts of up to \$1,000 to previous owners of the same make as partly responsible for the May sales surge. These “loyalty coupons” come on top of incentive programs that were already providing discounts of about \$1,000 per vehicle. The discounts do not seem to reflect an excess of inventories, which at the end of April were a little high but not outside the normal range. News accounts attribute the incentive programs to a battle over market shares.

What Determines Individuals' Trade Policy Preferences? ~~A person's general skill level is more important than his or her industry of employment in explaining support for trade barriers,~~ according to a new study based on the 1992 National Election Studies survey. ~~In particular, lower skill (measured by education or average occupational earnings) is strongly correlated with support for new trade barriers, while employment in industries exposed to trade (measured by tariff rates or net exports) is not.~~ The study found that home ownership also matters in determining individuals' trade-policy preferences. In particular, home ownership in counties with a manufacturing mix likely to be hurt by trade is strongly correlated with support for trade barriers. This result is true independently of job skills or industry of employment. The authors argue that the home-ownership effect arises because regional housing values depend in part on the amount of regional employment in trade-exposed sectors.

Purchasing Managers Create New Non-Manufacturing Index. After publishing an index measuring the perceptions of purchasing managers in manufacturing firms since 1931, the National Association of Purchasing Managers (NAPM) this week began publishing an index for the non-manufacturing sector. Consistent with other recent data, the new survey shows that the non-manufacturing sector is growing fast—much faster than the manufacturing sector. The NAPM manufacturing index received increased attention from market analysts in the late 1980s when it was discovered that it was a favorite economic indicator of the new Chairman of the Federal Reserve, Alan Greenspan; it has been more closely watched ever since. The new non-manufacturing index may have to demonstrate its worth before analysts give it the same attention.

INTERNATIONAL ROUNDUP

Is India's New Tax-and-Spend Budget a Retreat to Past Ways? India's new government released its first budget on Monday, triggering speculation that economic reform is over and that India may be moving back to its historic government domination of the economy and consequent low rate of growth. India's capital markets reacted negatively to specifics of the budget as they were announced, with stock prices falling about 4 percent to erase earlier gains. The 1998-99 budget increases overall planned expenditure by 30 percent over last year, with notable increases in public capital investment and national defense, financed in large part by an 8 percent tariff surcharge on most imports, higher excise taxes, and some privatization proceeds. Military expenditures were increased by 14 percent, to about \$10 billion (over 15 percent of total government expenditure), and outlays for the agencies that oversee nuclear and missile research were raised 65 percent, to about \$700 million. The estimated budget deficit of 5.6 percent of GDP is lower than last year, but the economic assumptions underlying this projection may be too optimistic. The finance minister predicted that recent sanctions would not have any significant impact on India's economic development.

Pakistan Declares State of Emergency and Freezes Foreign Assets. Following Pakistan's nuclear tests on May 28, President Tarar issued a proclamation of emergency, possibly with the aim of preventing foreign currency flight from Pakistan. On Friday the state bank suspended commercial banking, currency market operations were halted, and the Karachi Stock Exchange was closed, all for one day. On re-opening, the stock exchange dropped over 12 percent, but it has subsequently recovered. Although concerns remain over frozen foreign currency accounts, financial markets have shown little sign of panic. Despite some nationalist pride over the testing, there seems to be growing realization among many that a wasteful arms race, if not sanctions, could undermine business confidence, raise inflation, and hurt living standards, particularly among the poor.

Russia Enjoys a Respite from Its Financial Troubles. Financial troubles have plagued Russian markets in recent weeks, sparked by investor concerns over Moscow's fiscal imbalance, political uncertainties, and Asian fallout. On May 29, however, the government announced emergency austerity measures. These included new fiscal steps to lower the budget deficit and an interest rate of 150 percent. IMF staff publicly endorsed this package and recommended approval of Russia's 1998 Fund program. These actions—together with official U.S. statements welcoming them and endorsing further conditional financial support, as necessary, from international financial institutions (IFIs)—helped spark a rebound on Russian markets. Since Monday, equities are up almost 25 percent and yields on T-bills have fallen from about 75 percent to 46 percent. Wednesday Russia successfully raised 5.8 billion rubles in T-bill auctions and issued a new 5-year Eurobond at 650 basis points over U.S. bills. Caution remains appropriate, however, as the market upturn has been led in part by investor assumptions that the IFIs will provide new credits.

RELEASES THIS WEEK

Employment and Unemployment

****Embargoed until 8:30 a.m., Friday, June 5, 1998****

In May, the unemployment rate was unchanged from April at 4.3 percent. Nonfarm payroll employment rose by 296,000.

Productivity

Nonfarm business productivity rose 1.1 percent at an annual rate in the first quarter. Manufacturing productivity rose 0.7 percent

Leading Indicators

In April, the composite index of leading indicators increased 0.1 percent.

NAPM Report on Business

The Purchasing Managers' Index decreased to 51.4 percent in May from 52.9 percent in April.

MAJOR RELEASES NEXT WEEK

Retail Sales (Thursday)
Producer Prices (Friday)

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	4.8
GDP chain-type price index	5.4	1.8	1.4	1.4	1.0
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	2.1	3.6	1.4	1.1
Real compensation per hour:					
Using CPI	0.6	2.2	1.8	3.1	3.7
Using NFB deflator	1.3	2.5	2.7	3.9	3.5
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.5	10.7	10.6	10.7
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	13.1
Personal saving	5.3	2.8	2.6	2.9	2.7
Federal surplus	-2.7	-0.4	-0.1	-0.1	0.6
	1970- 1993	1997	March 1998	April 1998	May 1998
Unemployment Rate (percent)	6.7**	4.9**	4.7	4.3	4.3
Payroll employment (thousands)					
increase per month			82	302	296
increase since Jan. 1993					16010
Inflation (percent per period)					
CPI	5.8	1.7	0.0	0.2	N.A.
PPI-Finished goods	5.0	-1.2	-0.3	0.2	N.A.

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

New or revised data in **boldface**.

Employment and unemployment data **embargoed until 8:30 a.m., Friday, June 5, 1998.**

FINANCIAL STATISTICS

	1996	1997	April 1998	May 1998	June 4, 1998
Dow-Jones Industrial Average	5743	7441	9037	9080	8871
Interest Rates (percent per annum)					
3-month T-bill	5.01	5.06	4.95	5.00	4.98
10-year T-bond	6.44	6.35	5.64	5.65	5.59
Mortgage rate, 30-year fixed	7.80	7.60	7.14	7.14	7.05
Prime rate	8.27	8.44	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level June 4, 1998	Percent Change from	
		Week ago	Year ago
Deutschemark-Dollar	1.765	-0.9	1.9
Yen-Dollar	138.4	-0.4	19.0
Multilateral \$ (Mar. 1973=100)	99.65	-0.7	4.0

International Comparisons ^{1/}	Real GDP growth (percent change last 4 quarters)	Unemployment rate (percent)	CPI inflation (percent change in index last 12 months)
United States	3.7 (Q1)	4.3 (May)	1.4 (Apr)
Canada	4.2 (Q4)	8.5 (Mar)	1.0 (Apr)
Japan	-0.2 (Q4)	3.9 (Mar)	0.3 (Apr)
France	3.4 (Q1)	12.1 (Mar)	1.0 (Apr)
Germany	3.0 (Q1)	^{2/} 7.6 (Feb)	1.3 (Apr)
Italy	2.8 (Q4)	12.1 (Jan)	1.8 (Apr)
United Kingdom	2.9 (Q1)	6.4 (Mar)	4.0 (Apr)

U.S. unemployment data **embargoed until 8:30 a.m., Friday, June 5, 1998.**

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.

THE PRESIDENT HAS SEEN

6-8-98

Copied
Sperling
Reed
Karl
COS

THE WHITE HOUSE
WASHINGTON

June 4, 1998

MR. PRESIDENT:

This Sperling/Reed memo seeks your approval of several policy announcements already included in the new draft of Friday's MIT speech, which you will receive separately today.

Technology Literacy. Gene and Bruce ask you to announce a national goal of universal information technology literacy by the time students complete middle school. Literacy means having the ability to: use technology as a learning tool in core subjects; locate and synthesize information from multiple sources; communicate and present information using electronic media; and collaborate in teams using technology. They also propose challenging the states to make technology literacy a middle school graduation requirement.

Building on your previously announced FY99 Educational Technology Initiative, Sperling/Reed propose to: (a) target \$180M over 3 years from the \$2B Technology Literacy Challenge Fund to provide technology training to teams of teachers, who can train other teachers, in all middle schools with technology literacy requirements; and (b) support competitions to develop high-quality educational software and web sites (\$5M/year for 3 years).

Approve ☒ Disapprove ☐ Discuss ☐

None of your advisors objects to these proposals.

Phil Caplan *Phil*
Sean Maloney *SM*

THE WHITE HOUSE

WASHINGTON

June 3, 1998

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THE PRESIDENT - 11 573

6-8-98

MEMORANDUM FOR THE PRESIDENT

CC: THE VICE PRESIDENT

FROM: GENE SPERLING, BRUCE REED, TOM KALIL

RE: MIT COMMENCEMENT ADDRESS -- UNIVERSAL INFORMATION TECHNOLOGY LITERACY

Summary: We believe that you should use the MIT commencement address to set a national goal of universal information technology literacy by the time students leave middle school. We think there is a strong case to be made that this is a "new basic." To be full participants in the information economy and information society - our children need to be able to use information technology to acquire and synthesize information, prepare for a life-time of learning, and collaborate in the technology-intensive workplace of the 21st century. Information technology can also be a powerful tool for teaching and learning in all academic subjects. As of 1996, 10 states have already established some sort of requirement in this area - although most require a course or demonstration of competency for high school graduation.

This initiative builds on your Educational Technology Initiative -- the centerpiece of which is the \$2 billion Technology Literacy Challenge Fund. You have set four goals: connecting all classrooms to the Internet, training teachers, increasing the number of computers in the classroom, and promoting the development of high-quality educational software. Since the press has tended to focus on the "wiring" goal -- the MIT announcement focuses on the ability of students to use the technology and teacher training.

To strengthen this initiative -- we believe that you should:

- Provide states that join with you to meet this goal with the resources to train a team of technology expert teachers in each middle school - who could in turn help train the other teachers. The cost of this (\$180 million over three years) would be paid for by targeting a portion of the Technology Literacy Challenge Fund -- which is already slated to increase in the FY2000 budget.
- Support competitions to encourage the development of high-quality educational software and educational Web sites by students, university faculty, and commercial software companies -- and make it easier for teachers and parents to find high-quality resources. This would cost \$5 million per year for three years.

Your vision of universal information technology (IT) literacy needs to be broader than the traditional definition of “computer literacy” - which has tended to focus on the basic skills required to use a computer and a few computer programs, such as a word processor or a spreadsheet. This is necessary but not sufficient. For example, students need to be able to effectively use information technology to locate, extract, and synthesize information from multiple sources. They need to be able to use information technology to learn and express key concepts in all academic subjects - such as math and science.

Why should you call for universal IT literacy?

1. Information technology can be a powerful tool for teaching and learning in all academic subjects

IT literacy is not just an end in itself. The rationale for your Educational Technology Initiative is that information technology can be a powerful tool for teaching and learning across the curriculum. Students who are IT literate and who have access to technology are able to:

- Engage in project-based learning - such as collecting and sharing environmental information with students and scientists all over the world;
- Conduct research using primary material - such as the Library of Congress;
- Learn at their own pace, and get immediate feedback on whether they understand a new concept by using interactive courseware.

2. Many high-wage jobs now require IT skills:

- There is already a 10-15 percent wage premium for people who know how to use computers as compared to those who don't.
- Jobs in the information technology sector pay \$48,000 per year, as compared to a private sector average of \$28,000.
- Information technology is increasingly pervasive in all industries. Many firms are using information technology to customize products and services, forge closer relationships with customers and suppliers, and slash the time required to develop new products. A machinist, for example, may need to know how to operate a programmable machine tool.
- Although there is some debate about the exact numbers, many high-tech companies report that they cannot hire enough workers with IT skills, and that this is their number one constraint on growth.

3. Being IT-literate will allow people to be full participants in the emerging Information Society:

Information technologies are becoming so pervasive that people who are IT-literate will have more opportunities and will be able to make better choices -- as workers, parents, voters, consumers, owners of small business, and members of local communities. People who are IT-literate are able to:

- Be better consumers of health care by finding out what others are saying about the quality of care they are receiving from HMOs or individual physicians;
- Track the voting record of their member of Congress on issues they care about -- or get more information on a policy issue than the 30 second soundbite on the evening news;
- Tap in to an EPA database to find out what corporations are dumping toxic substances into the local environment;
- Work from home - or use the Internet to sell the products and services of their own small business;
- Log on to the web site of their local school to find out what homework their children are supposed to be doing, communicate more frequently with their children's teachers, and compare how their school is doing relative to other schools;
- Use "intelligent agents" to get the best price on a new car or a family vacation;
- Acquire a new skill to compete for a higher-wage job by participating in a "virtual university"; and
- Learn and adapt to future waves of technological innovation.

Proposed Administration "vision" for universal IT literacy

- Just as schools would not allow students to graduate from middle school without being able to read and write -- all students should be "IT literate" before they graduate from middle school.
- This is a "new basic" - but it clearly rests on a foundation of the fundamentals -- the first basic skills. Obviously, knowing to send e-mail or browse the Web is worthless without knowing how to read and write effectively.
- Being IT literate is about more than knowing how to turn on a computer and use a few computer programs. It requires demonstrating the ability to:

- Use technology effectively as a tool for learning in core academic subjects;
 - Locate and synthesize information from multiple sources;
 - Communicate and present information effectively using electronic media; and
 - Collaborate in teams using information technology.
- The Administration will call on educators and high-tech employers to develop a consensus on the important elements of IT literacy -- building on the experiences of states and local school districts that have been leaders in this area.

Technology training for teachers

Students will have a difficult time becoming technologically literate unless their teachers are as comfortable with a computer as they are with the chalkboard. As you noted in a speech you gave last year, "I met with a group of young people yesterday in their 20s who said .. 'What difference will it make if you connect every classroom in the country to the Information Superhighway if the teachers aren't trained to use the technology and the kids know more than they do?'"

We think that it would make sense to provide states that set a goal of universal IT literacy with the funding to train a team of technology experts in each middle school - who could in turn help train the other teachers.

We estimate that the cost of this would be \$180 million over three years - \$30 million in the first year, and ramping up to \$90 million in year 3 as all states establish universal IT literacy as a goal. It would be paid for by targeting a portion of the Technology Literacy Challenge Fund over the next three years -- which is already slated to increase in the FY2000 budget.

Schools would use the money (\$20,000 over three years) to:

- Provide intensive training during the summer to a team of teachers in each school; and
- Provide follow-up training and release time so that these teachers can help train other teachers.

Competition for high-quality educational software

You could also use the speech to announce that the Administration will sponsor competitions for educational software and educational Web sites -- working with industry, educators, and other experts. These competitions would award prizes in different categories,

including students, university faculty, and commercial software developers.

These competitions would:

- Highlight the incredible ways in which students are using technology in the classroom. One recent contest encouraged students to develop interactive Web sites on Black History Month, tracking a stock market portfolio using real-time data, and modeling the tradeoffs between tourism and the environment in Hawaii.
- Help students, parents and teachers find higher-quality software by providing prizes to software and Web sites that are truly excellent.
- Provide grants to universities that developed the best ideas for developing educational software.

The cost of this proposal would be \$5 million per year for three years.

Discussion

Pros

- Universal IT literacy is clearly an important national goal. Achieving this goal will help students improve their academic performance, prepare them for the workplace of the 21st century, and enable them to be full participants in the emerging Information Society.
- Even those parents who have a sense that technology has passed them by definitely want their children to participate in the Information Revolution.
- This initiative would also make progress on teacher training and educational software.

Cons

- It may be difficult to communicate that the Administration is promoting something that goes beyond the traditional, narrow definition of "computer literacy."
- The proposal could get caught up in the politics of the national standards debate.

Views of your advisors

This proposal is supported by the Department of Education, NEC, DPC, and OMB. Secretary Riley wants to make sure that you use the speech to defend the e-rate -- since it is under attack and is the biggest source of revenue we have to help reduce the gap between rich and poor schools. There is a section on the e-rate in the current draft of your speech.



The Welfare to Work PARTNERSHIP

Fax

To: Phil Caplan

From: Eli J. Segal/amrb *amrb*

Fax: 202.456.2215

Pages: Six including cover sheet

Phone: 202.456.2702

Date: 3 June 1998

Re: Thank you letters in re 27 May

CC:

☐ **Urgent**

☐ **For Review**

☐ **Please Comment**

☐ **Please Reply**

☐ **Please Recycle**

Dear Phil,

Here are the drafts for the thank you letters, to be signed by the President, following our May 27th event.

If the letters to Duncan Pollock and Richard Parsons were personally signed by the President with a handwritten "thank you" on the bottom, that would be great.

All of the other letters could be signed without him. But it would be helpful if he personally signed the letter to Russell Meyer of Cessna, perhaps with a "thank you" or a "looking forward to that golf match you promised" type note.

Many thanks,

Eli Segal
Eli

Tan-
Can you prepare these? 2 for BC sig.
let me see others.
7/1/98
4/8

Date

Mr. Duncan Pollock
President, North America
Ammirati Puris Lintas
1 Dag Hammarskjold Plaza
New York, NY 10017

Dear Duncan:

My special thanks to you and the entire Ammirati Puris Lintas team for the public service announcement campaign you have created for The Welfare to Work Partnership.

For 60 years, millions of Americans have been trapped in a dysfunctional system of dependence. The 1996 legislation began the process of liberating them.

But all of the laws and regulations are meaningless without a change in the attitude and behaviors of ordinary citizens. Your extraordinary work in combating stereotypes about welfare recipients is a real service to our country.

Sincerely,

Bill Clinton

Date

Mr. Richard Parsons
President
Time Warner, Inc.
29th Floor
75 Rockefeller Plaza
New York, NY 10019

Dear Dick:

Many thanks for your extraordinary commitment to the welfare to work initiative.

For 60 years, millions of Americans have been trapped in a dysfunctional system of dependence. The 1996 legislation began the process of liberating them.

But all of the new laws and regulations count for nothing without a change in the attitudes and behaviors of ordinary citizens. I will never forget the unique contribution of Time Warner in this effort.

Sincerely,

Bill Clinton

Letter for Board Members who did attend Roosevelt Room Meeting

DATE

Name
Address

Dear _____:

I can't tell you how much I enjoyed meeting with you and the other leaders of The Welfare to Work Partnership at the White House the other day.

I am gratified by the overall response of the business community to the welfare to work initiative. I thank you for your guidance and support, and your commitment to do even more in the future.

Together, we will "end welfare as we know it."

Sincerely,

Bill Clinton

Letter for Board Members who DID NOT ATTEND Roosevelt Room Meeting

DATE _____

Name _____
Address _____

Dear _____:

I'm sorry you were unable to join me and the other leaders of The Welfare to Work Partnership at the White House on May 27th.

I am gratified by the overall response of the business community to the welfare to work initiative. I thank you for your guidance and support, and I ask for your continued commitment to do even more in the future.

Together, we will "end welfare as we know it."

Sincerely,

Bill Clinton

Board of Directors Meeting at White House - Attendees
May 27, 1998

Title	FirstName	Informal	LastName	JobTitle	Company	Address1	Addr2	City	ST	PostalCode
Mr.	James	Jamie	Dimon	Co-CEO	Salomon Smith Barney	388 Greenwich Street		New York	NY	10013
Mr.	Mitchell	Mitch	Fromstein	Chairman, President, and CEO	Manpower, Inc.	P.O. Box 2053		Milwaukee	WI	53201
Mr.	Gerald	Jerry	Greenwald	Chairman & CEO	UAL Corporation	P.O. Box 66100		Chicago	IL	60666
Ms.	Rachel	Rachel	Huhka	President	Rachel's Bus Company	3014 West Filmore Street		Chicago	IL	60612
Mr.	James	Jim	Kelly	Chairman and CEO	United Parcel Service of America	55 Glenlake Parkway NE		Atlanta	GA	30328
Mr.	Brandon	Brandon	Keegan	SR VP, Human Resources	Marriott International	Marriott Drive		Washington	D.C.	20058
Mr.	John	John	McIlwain	President	Fannie Mae Foundation	4000 Wisconsin Avenue		Washington	D.C.	20016
Mr.	Russell	Russ	Meyer, Jr.	Chairman & CEO	Cessna Aircraft Company	P.O. Box 7704		Wichita	KS	67277
Mr.	Edward	Ed	Mueller	President & CEO	Pacific Bell	2600 Camino Ramon	Room 4CS-100	San Ramon	CA	94583
Mr.	Duncan	Duncan	Pollock	President, North America	Ammirati Puris Lintas	1 Dag Hammarskjold Plaza		New York	NY	10017
Ms.	Carol	Carol	Parry	Executive Vice President	The Chase Manhattan Corporation	270 Park Avenue	8 th Floor	New York	NY	10017
Mr.	George	George	Stinson	Chairman & President	General Converters & Assemblers, Inc.	1325 16 th Street		Racine	WI	53402
Ms.	Carolyn	Carolyn	Stradley	President & Owner	C & S Paving	786 Ruby Street		Marietta	GA	30066
Mr.	Jonathan	Jonathan	Tisch	President and CEO	Loews Hotels	3 East 54th Street		New York	NY	10022
Ms.	Barbara	Barbara	Turner	President	Boscart Construction	1080 Wisconsin Avenue, NW	Suite 300	Washington	DC	20007
Mr.	James	Jim	Watkins	SR VP, Worldwide Marketing	Burger King Corporation	17777 Old Culter Road		Miami	FL	33157

Board of Directors – Did not attend Roosevelt Room
May 27, 1998

Title	FirstName	Informal	LastName	JobTitle	Company	Address1	Add2	City	ST	PostalCode
Mr.	Bernard	Ben	Cammarata	Chief Executive Officer	The TJX Companies, Inc.	770 Cochituate Road		Framingham	MA	01701
Mr.	Barry	Barry	Corona	President	Production Products	1285 Dunn Road		St. Louis	MO	63138
Mr.	Kenneth	Ken	Derr	Chairman & CEO	Chevron Corporation	575 Market Street		San Francisco	CA	94105
Mr.	William	Bill	Esrey	Chairman of the Board & CEO	Sprint Corporation	2330 Shawnee Mission Parkway		Westwood	KS	66205
Mr.	Richard	Dick	Huber	Chairman & CEO	Aetna, Inc.	151 Farmington Avenue		Hartford	CT	06156
Mr.	Gerald	Jerry	Levin	Chairman and CEO	Time Warner	75 Rockefeller Plaza		New York	NY	10019
Mr.	Dennis	Dennis	Malamatinas	CEO	Burger King Corporation	17777 Old Culter Road		Miami	FL	33157
Mr.	J. W.	Bill	Marriott, Jr.	Chairman and CEO	Marriott International	Marriott Drive		Washington	D.C.	20058
Mr.	Richard	Dick	Parsons	President	Time Warner	75 Rockefeller Plaza		New York	NY	10019
Mr.	Robert	Bob	Shapiro	Chairman of the Board and CEO	Monsanto Company	800 North Lindbergh Boulevard		St. Louis	MO	63167
Mr.	Leslie	Les	Wexner	Chairman	The Limited	3 Limited Parkway		Columbus	OH	43230

Nancy:

former Kansan Congressman Jim Slatterly called to see if he could get one of the pens the President uses to sign the Wheat-gluten bill today?

Also, can someone call him when the President signs the bill?

He can be reached at (202) 429-7264

Don -
We need to do a letter
with a pen to former MOC
Jim Slatterly. POTUS signed a trade
proclamation last week imposing
import quotas on wheat
gluten. Work with Noel/Malcolm
on language. Clerks will have
date of proclamation
Phil
6/8



Martha Foley
06/03/98 10:18:39 AM

Record Type: Record

To: Phillip Caplan/WHO/EOP

cc:

Subject: Letter regarding HR 1757

Please call me re this. Thanks.

----- Forwarded by Martha Foley/WHO/EOP on 06/03/98 10:21 AM -----

Kyle M. Baker

05/27/98

01:48:31 PM

Record Type: Record

To: Martha Foley/WHO/EOP

cc:

Subject: Letter regarding HR 1757

I was just assigned a letter to answer that was written to the POTUS urging him to veto HR 1757. Phil Caplans note indicated that I should coordinate with you on the response. The letter is signed by numerous groups including AAUW, NARAL, PAW, Zero Population, etc. Have you seen a copy of this letter yet? And if so, what is your recommended approach?

Thanks,
Kyle Baker
Presidential Letters and Messages
X 6-5515

Don -
Martha Foley thinks
there is ARN on this letter.
I don't remember the incoming, but
could you check it out and let me know.
I'll defer to her.
Phil
6/8

THE WHITE HOUSE
WASHINGTON

Date

6/8

To: Don Cicetti

From: The Staff Secretary

Shelly Fidler, who is
wonderful and at CBA, asked
me to help her get the
First Lady to sign there
for her and her son. Can
you do so? Let me know
Phil



OFFICIAL WHITE HOUSE PHOTO 11AUG97 BK P055526 -23A



OFFICIAL WHITE HOUSE PHOTO 11AUG97 BK P055526 -02A



Orthodox Union

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ORTHODOX
JEWISH
CONGREGATIONS
OF AMERICA
איחוד
קהילות
האורתודוקסים
באמריקה

333 SEVENTH AVENUE • NEW YORK, NY 10001 • (212) 563-4000 • FAX (212) 564-9058

ב"ה

KASHRUTH DIVISION

June 2, 1998

President
MANDELL I. GANCHROW, M.D.

Chairman
PROF. SHIMON KWESTEL

Vice Chairman
DAVID FUND

Rabbinic Administrator
RABBI MENACHEM GENACK

Rabbinic Administrator (1950-1972)
RABBI ALEXANDER S. ROSENBERG

Ms. Ann Lewis
Assistant to the President
Director of Communications
The White House
Washington, D. C. 20502

Dear Ann,

Enclosed please find the next missive to the President. The piece is entitled "Education and the Family" and is authored by Simon Posner. Mr. Posner is a graduate of Harvard Law School and is an attorney in New York City.

Sincerely,

Rabbi Menachem Genack

618198
Send to Millie Alston
Yes ☒
No ☐

C

Education and the Family

When looking at Scripture, one cannot help but notice the numerous references to education and the teaching of the tradition. To cite only a few examples:

--Deuteronomy 6:4-7 -- This passage contains one of the central statements of Jewish faith, and, in fact, these words were often on the lips of Jewish martyrs as they sacrificed their lives for their religion:

"Hear O Israel, the Lord our God, the Lord is One. You shall love the Lord your God with all your heart, with all your soul and with all your might. Take to heart these things which I teach you today. And review them repeatedly with your children ..."

-- Exodus 13:8,14 -- In these verses Moses prepares the Jewish people for the profoundly important task of educating future generations about the liberation from Egypt, the most significant historical event in the birth of the Jewish nation:

"And you shall explain to your child on that day, 'It is for this reason that God did this for me when I came out of Egypt'And when your child will ask you, 'What does all this mean?', you shall explain to your child, 'God has taken us out of Egypt and the house of bondage with a mighty hand.'"

-- Proverbs 1:8 -- This verse expresses the responsibility of transmitting the teachings of one generation to the next:

"Listen, my child, to the guidance of your father and do not forsake the teachings of your mother."

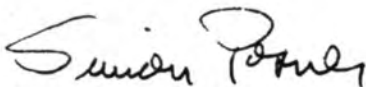
What is striking about these central Biblical precepts is the absence of references to teachers, professional educators or schools. One would have expected that the people would be exhorted to follow the teachings of the wise men, the leaders and the elders. And yet, in these critical passages, the message is clear. The Bible does not speak of teachers and students but of parents and children. Education is entrusted to and conducted through the family unit. The parents must teach the children and the children are admonished to heed the instruction of the parents. It is the family unit which is the most effective vehicle for communicating knowledge.

Perhaps underlying this message of Scripture is the notion that while schools can communicate knowledge and individual teachers can be inspiring, the family setting is the most ideal setting in which the love of knowledge is instilled, respect for learning is nurtured, admiration for scholars is fostered and intellectual curiosity and inquisitiveness are encouraged. And each of these is accomplished not by a specific lesson plan but through the osmosis of the ordinary interchange of daily life. Values are not taught but

inculcated. Knowledge can be taught, but the love of knowledge needs to be imbued. How do you encapsulate the cluster of messages that is conveyed to a child when the parent says, "It's time to turn off the TV and do your homework; I'll help you with it."

For values to be transmitted, the context is essential, and for the transmission of the love of knowledge and the respect for education, our experience teaches that the family is the ideal context. There are no shortcuts or easy answers in this process. In our push-button culture, we have become accustomed to look to technology to come up with the quick fix or to seek out others to do the tasks that we find too unpleasant or time consuming to do ourselves. But if we want to instill love of learning in our children, we have to be prepared to do the job ourselves, and we should not look to formal educational institutions to play the role of the family. The old saw is "When I clean the yard it takes me two hours, and when my kids help me it takes me four hours." But the truth is that we are not really interested just in cleaning the yard. We intuitively feel that we need to connect with our children to convey to them the values of cooperation, education and responsibility. This takes an ongoing investment of time, effort and personal commitment.

Professional educators cannot be expected to do the job of parents, and computers cannot take the place of family interaction. While schools and learning aids are surely necessary weapons in the struggle for educational excellence, the battle cannot be won without the resolve of the family. Scripture teaches us that this commitment is rewarded with a love of learning and reverence for education that are transmitted across the generations.

A handwritten signature in cursive script, reading "Simon Posner".

Simon Posner

Englewood, New Jersey

Uh-oh

ey, everybody, duck! Sidney Blumenthal's got subpoena ver!"

So warns U.S. News & World report in its Washington Whispers column.

"The conspiracy-minded White House communications adviser and former journalist was finally granted power to seek subpoenas last week in his defamation lawsuit against Internet gossip monger Matt Drudge (who publicized, then hastily retracted, a false rumor that Blumenthal had abused his wife). Starting June 19, Blumenthal will enjoy a 120-day window during which he may pursue depositions from about a dozen people who may have fed Drudge damaging information about Blumenthal and, conceivably, President Clinton, Hillary Rodham Clinton and other White House types," the magazine said.

"Whispers speculates one target will be Wall Street Journal editorialist John Fund, fingered last December in Vanity Fair as Drudge's possible source on the wife-beating charge. (The Vanity Fair piece, by Jennet Conant, cited three unnamed people who recalled hearing Fund repeat the rumor and quoted Fund as saying he knew the rumor to be in circulation, though not that he'd repeated it himself; Fund affirmatively denied to Conant that he was Drudge's source.)"

In Helms' desk

If President Clinton is wondering what happened to that bill that would tie payment of U.N. dues to a ban on giving American funds to pro-abortion lobbyists overseas — language the House added in conference and which the Senate approved 90 to 5 — Sen. Jesse Helms says he is keeping it in his desk.

"I'm holding it . . . because I'm not going to send it down for the president to veto and gain all that credit with the militant women of this country until he tells me that he will sign it," the North Carolina Republican, chairman of the Foreign Relations Committee, said Saturday on CNN's "Evans & Novak."

"If he doesn't sign it, I don't want to hear a word . . . about arrearages for the United Nations, because I worked that out with Kofi Annan," the U.N. secretary-general, Mr. Helms said.

"So . . . you're saying that the ball is in the president's court on this bill, which does contain this anti-abortion language," show co-host Robert Novak asked the senator.

Inside Politics



"That's right. He's got to fish or cut bait, and he can't have everything his way. . . . This is, after all, a tripartite form of government," the chairman replied.

Ghost writer

Sen. Helms says there's no question that President Clinton's ability to conduct foreign policy has been undermined by all the scandals and investigations swirling around him.

"I would say it if there was a Republican [president] involved," Mr. Helms said on CNN, adding: "Of course, it's had an effect. You don't get straight answers. You don't get answers sometimes. You don't get a chance to discuss with the executive branch. I have an idea they've got a ghost writer down there who answers mail from chairmen of committees, and other chairmen of committees feel the same way about it."

Asked if there has been a decline in the president's management of foreign policy, Mr. Helms said: "Well, I don't know whether he's ever managed it or not. But there's been a decline, because when we are eternally reacting to events instead of being on top of them, something is badly wrong."

Belt tightening

Rep. Gil Gutknecht, Minnesota Republican, bought three new belts to use as a visual aide in a speech Friday in support of the 1999 budget resolution. Mr. Gutknecht linked the three belts into a single 9-foot line, using it as a demonstration that there is always room for "budgetary belt tightening" in Washington.

Like any good member of Congress, Mr. Gutknecht spent his money in the home district. A spokesman for the congressman said his district office manager bought the belts at a T.J. Maxx in Rochester, Minn.

They were "dirt cheap," about \$3 each. He paid for them out of

his own pocket.

"He'll keep using them," the spokeswoman said, but it's not clear whether they will be used as visual aids or to hold up the congressman's pants.

Dobson and Reed

"The real news of the 1998 primary-election season" has been the failure of James Dobson's "divide and conquer strategy with the GOP," writes Wall Street Journal columnist Paul Gigot.

"The quiet political winner on the right this year has been Ralph Reed and his fusion strategy of appealing to most party factions," Mr. Gigot said.

Mr. Dobson is a psychologist, radio commentator and a leader of the religious right who has threatened to abandon the party. He is closely allied with Gary Bauer of the Campaign for Working Families.

"What he and Mr. Dobson haven't had so far are many big election victories," Mr. Bauer has backed nine winners and eight losers, but "most of his candidates in hotly contested races have lost," Mr. Gigot said, while Mr. Reed, a political consultant and former executive director of the Christian Coalition, has done better.

"The Reed-Dobson split is over strategy more than philosophy. They often endorse the same candidates. But Mr. Dobson puts social issues like abortion and gay rights first. Mr. Reed tries to blend those subjects with taxes and others that broaden his candidates' appeal."

Mr. Gigot added: "The irony of Mr. Dobson's strategy is that it makes the mirror-image mistake of his strongest Republican critics. Both sides assume they can build a political majority without the other. Christie Whitman Republicans think they can prosper on economics alone and ignore 'divisive' social issues. But last

year the New Jersey governor nearly lost what should have been an easy re-election when social conservatives took a hike."

Mr. Republican

Rudy Giuliani, the Republican mayor of New York City, has not exactly been a party loyalist.

After all, he endorsed Democrat Mario Cuomo over Republican George Pataki in the state's gubernatorial election four years ago.

Mr. Giuliani apparently is out to make everyone forget that slip-up. Speaking at the state party convention Friday, he said, "New York City has now [become] a role model for the rest of the country, that Republican principles and ideas actually work better for cities than the principles of the other political party."

And Mr. Giuliani lavished praise on Mr. Pataki. "This is a man who understands that public service is improving the lives of people. He has more than earned my great respect, admiration and affection."

That was enough for state Senate Majority Leader Joseph Bruno, who told the New York Post: "I think you've heard from a mayor who is a committed Republican."

President objects

The White House has demanded that a television commercial featuring footage of President Clinton with an actor's voice impersonating the president and criticizing U.S. drug policies be pulled from television.

The ads, which run on such outlets as CNN, were placed by a Virginia-based group called Common Sense for Drug Policy, which is opposed to U.S. and U.N. drug policies.

The ads contain authentic footage of Mr. Clinton delivering a speech at the United Nations. The audio portion, however, has an actor's voice imitating the president, reports Agence France-Presse.

"On June 8, President Clinton will address the United Nations about the war on drugs," an announcer says, as the video shows Mr. Clinton walking up to the podium at a U.N. general session. "This is what he should say."

As Mr. Clinton delivers a speech, a voice with a distinctive Clinton-style drawl says: "Do you think the war on drugs is a complete failure? I do. Do you think if we spend more money we'll win? Forget it."

• Greg Pierce can be reached at 202/636-3285 or by e-mail (Pierce@twtrmail.com).

The Washington Times

MONDAY, JUNE 8, 1998

Sean/Tim
841

INSIDE THE BELTWAY

By John McCaslin

Why Dick doesn't run

We've drawn attention to the successful series of tax-reform debates taking place around the country, their purpose to engage the American people in a public conversation about better alternatives to the current income tax code.

Headlining the debates — strung out over 50,000 miles in 26 cities — are House Majority Leader Dick Armey of Texas and Rep. W.J. "Billy" Tauzin of Louisiana, both Republicans.

At the most recent debate, a North Carolinian perhaps impressed by what he'd heard asked each of the lawmakers whether they had the desire to seek the presidency?

"I can speak for myself — I don't know about Billy — but I will never run for president," replied Mr. Armey.

To which Mr. Tauzin quipped: "I can speak for myself — I will never support him for president!"

'Potatoe' anyone?

We recently revisited the silly controversy of years ago concerning Dan Quayle's inability to spell potato. In doing so, we noted where newspapermen themselves sometimes can't spell.

Having read our item, one wordsmith writes to say that Mr. Quayle wasn't wrong after all with his unusual spelling of "potatoe."

"The Oxford English Dictionary, v.VII, p. 1184, line 4 of the entry, lists potatoe as a form," the writer notes.

Biased bunch

Fifty-two percent of 208 reporters who cover the nation's capital believe personal bias does color the news stories they write, according to a new poll conducted by Jericho Communications of New York.

"There is no question that bias exists within the media," says Eric Yaverbaum, president of Jericho. "We conducted this survey as part of our continual effort to learn more and more about the media and the people who make up the media."

Among the more intriguing findings, the majority of both Republican (62 percent) and Democratic (68 percent) journalists polled believe Paula Corbin Jones was telling the truth about that close encounter of the third kind with Bill Clinton in an Arkansas



House Majority Leader Dick Armey makes it clear he has no presidential aspirations.

hotel room.

Still, 70 percent of the journalists who label themselves Democrats give Mr. Clinton a "thumbs up" on his handling of the presidency, compared with 44 percent of the Republican reporters polled.

I spy

Maybe the country is being unfair in its criticism of President Clinton's dealings with China, particularly U.S. missile technology transfers to Beijing.

A conservative group, Committee for a Constructive Tomorrow, points out that simply perusing some "boring government documents" may be all that is necessary to uncover some highly sensitive information, especially vital economic data.

Americans, CFACT explains, possess a false perception of the spy industry, one that is reinforced by James Bond and his, as it turns out, not-so-necessary tools of the trade — high-tech gadgets, fast sports cars and stunning double agents.

Instead, citing a new report by the Chemical Manufacturers Association, CFACT notes that "90 percent of all strategically valuable economic data being gathered by foreign spies comes — gadzooks! — from information freely provided by our own government."

In other words, much espionage gathering results from "mandatory" reporting guidelines by U.S. government agencies.

Yes, Virginia . . .

Every once in a while, a news release magically appears on our desk that deserves another look. Like the Georgetown University release dated Friday, headlined: "Non-traditional student from North Pole comes to Georgetown to hone leadership skills."

Non-traditional? North Pole?

"A student from the North Pole," we continued to read, is coming to the Georgetown campus to sharpen "her" leadership skills.

Her? Can it be? Mrs. Claus is coming to town?

And if not the jolly old guy's wife, perhaps a girl elf, one in some sort of leadership position, say in charge of doll making? We skipped to the enclosed biography: "Her extracurricular activities include . . . Santa's Seniors, a non-profit center for senior citizens."

Good grief, she is from the North Pole!

Which begs the question, has our entire country been misled to believe since reaching puberty that Santa Claus doesn't exist?

Visions of sugar plums dancing in our heads, and smelling the biggest scoop of the century, we immediately called Maggie Reichard, spokeswoman for the Georgetown campus. Who is coming to town?

"Susan Carpentino, a student from the North Pole who attends University of Alaska, Fairbanks," we were told, "a 44-year-old mother of four, the first in her family to earn a college degree."

We tried to mask our disappointment, which quickly turned to anger.

Well, then, is Mrs. Carpentino really from the North Pole?

The spokeswoman would have to check and call us back. Ten minutes later we learned Mrs. Carpentino resides in Fairbanks, not the North Pole.

Upon further questioning, Miss Reichard admitted doctoring the woman's hometown — "something catchy," she explained — in the hope a gullible columnist would write about Georgetown's 14th Annual National Conference for College Women Student Leaders.

"But I did check," the spokeswoman said, "and the North Pole is where Santa Claus resides."

• John McCaslin can be reached at 202/636-3284 or by e-mail (Mccasl@twtdmail.com).

Send to Busknight

Yes ☒

No ☐

Coordinate w/ NSE

DC Sig ☒ Yes

Before China trip ☒

As part of ☒

with me ☒

2005/05/15 ☒

before Phil ☒

Phil ☒

Phil -

Adam told Doug

he was sending

this letter. I

think the Pres.

should see it soon

not not about NSE

Knowledge & possible

notes NH

RICHARD C. BLUM & ASSOCIATES, L.P.

909 MONTGOMERY STREET, SUITE 400
SAN FRANCISCO, CA 94133
PHONE: 415/434-1111
FAX: 415/434-3130

1133 CONNECTICUT AVENUE, N.W., SUITE 700
WASHINGTON, D.C. 20036
PHONE: 202/530-1400
FAX: 202/496-0051

June 5, 1998

President William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC

Dear Mr. President,

Approximately one year ago the Dalai Lama asked Dianne and me if we would deliver a letter from him to President Jiang Zemin requesting a direct meeting in order to resolve some of the issues regarding Tibet. A few weeks later when I was in Shanghai, I met with Jiang Mian, Jiang Zemin's son, who is an old friend, to discuss this matter with him. At Jiang Zemin's request, a Mr. K.S. Wu also attended the meeting. Jiang Mian is very bright and close to his father. He studied and worked in the U.S. for about 6 years and understands our country much better than his father. K.S. Wu is a Shanghai banker, but is very western; in fact his daughter just graduated from Stanford. K.S.'s claim to fame is his father was the KMT official who attended the enthronement of the Dalai Lama in Lhasa in 1940.

From the time of the meeting with Jiang Mian until Dianne and I finally met with Jiang Zemin in October, I have had regular ongoing discussions, primarily with K.S. Wu, on what Dianne and I wanted to discuss with President Jiang Zemin and what a meeting with the Dalai Lama would hope to accomplish. Dianne and I of course were in regular contact with the Dalai Lama and the Tibetans so that our meeting with President Jiang Zemin could be as substantive as possible. (Attached is the letter from His Holiness, the Dalai Lama, to President Jiang Zemin.)

When we finally met with Jiang, most of the ground covered was essentially old hat, but a couple of interesting points did come out of it.

1. Jiang, in my opinion, has heard enough from people like Dianne and myself and other westerners to question the reports he receives about conditions in Tibet. K.S. Wu in a candid moment, described many officials in Tibet as reactionary and corrupt. He seemed to indicate that this is also President Jiang's view, but I do not know for sure. Last summer, in an effort to establish new information channels, Jiang sent K.S. Wu and Mr. Chen, (a new member of the Central Committee and very close to Jiang) to Tibet in order to report back to him directly on conditions there. Wu and Chen met with Jiang on July 31st last year and I was told that the first question Jiang asked Wu and Chen was whether or not the Dalai Lama still held the same amount of respect and reverence as before, to which they answered "yes."

2. As you know, Beijing was very upset when the Dalai Lama visited Taiwan in March 1997 and when the Foreign Ministry became aware from our discussions with both Jiang Mian and K.S. Wu, and that there was a letter in our possession from the Dalai Lama to President Jiang, the Chinese Government insisted on two things. 1) the Dalai Lama must be willing to make a public statement declaring that there is only one China and that Taiwan and Tibet are part of it; and 2) they wanted to see the letter as soon as possible. We told the Tibetans that we believe that the Dalai Lama should not give in to the Chinese demand for the "one China" statement unless the Chinese agreed to a meeting with the Dalai Lama. Dianne and I refused to hand over the Dalai Lama's letter unless it was given to President Jiang directly at a meeting with the both of us.

When we finally met with Jiang in October, Dianne did most of the talking. She was very direct and forceful, which I think rather surprised Jiang. (An outline of her talking points is available if you would like to see them.) The meeting lasted about two hours, but in the end, Jiang's negative views were essentially unchanged. He came up with the same old rhetoric denying human rights abuses existed or that their were religious crackdowns in Tibet, and the Chinese still label the Dalai Lama as a splittist.

Toward the end of our meeting, Jiang brought up the demand for the "one China" statement from the Dalai Lama, which I told him I was sure His Holiness, under the right conditions, would be willing to make. Jiang, turned to me and said, "Richard, you are naïve; the Dalai Lama will never make the kind of "one China" statement we need." At that point I picked up a pencil and paper and said, "President Jiang, why don't you write out what kind of statement you would like the Dalai Lama to release on the issue and if you will do that, I will have the Dalai Lama issue it word for word tomorrow as if the statement were his own, provided you give your private assurance you will be willing to meet with him in the next month or two."

Jiang was clearly taken by surprise and said he could not deal with this matter now because he was too preoccupied with the summit in Washington to take place in a couple of weeks. (K.S. Wu told us that Jiang was very surprised by my offer and just decided to duck it.)

We also told Jiang that there were two movies, *Seven Years in Tibet* and *Kundun* that would show the Chinese occupation of Tibet in a very bad light and we were quite certain there would be demonstrations wherever he went in the U.S. We told him nobody blamed him for what happened forty years ago, but it was now his responsibility to fix the problem.

We know that in fact he was quite startled by the intensity of the demonstrations when he did travel through the United States.

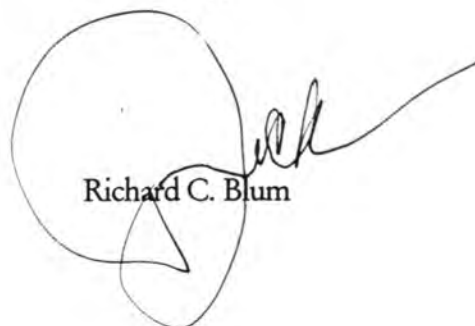
The next day after the meeting, Dianne let Jiang know through K.S. Wu, in no uncertain terms, that we were very disappointed with the meeting. The answer we got back was -- just because he didn't say "yes" to a meeting did not necessarily mean a final "no." Dianne has written to Jiang as recently as last month, once again urging that he meet with the Dalai Lama (letter enclosed).

Suggestions for your meeting with Jiang:

1. It is possible, just possible, that Jiang might in principle be willing to meet with the Dalai Lama, but will not do it unless he has the backing of the Standing Committee. To the extent that you and other senior administration officials make a forceful public point over wanting this meeting to take place, you could in fact conceivably change the attitude of some of the members of the Standing Committee who probably for the most part are opposed.
2. I would offer to President Jiang the thought that a strong unequivocal statement by the Dalai Lama on there being "one China" could be his reason (excuse) for then agreeing to meet with him. The offer of an appropriate statement from the Dalai Lama still stands.
3. You can assure him (I have done this in the past) that such a meeting would have little risk as I believe four or five major policy issues toward governance in Tibet could be negotiated in advance. One could even conceivably draft a "joint press release" in advance as well.
4. For a decade we have told Jiang that if he and the Dalai Lama ever spent some private time together, that they would in fact like each other and that many of the old suspicions that were essentially founded on ideological rhetoric would disappear. You may want to tell him this as well, based on your own knowledge of the Dalai Lama.
5. China calls Tibet an autonomous region. What the Tibetans simple want is for it to in fact be run that way. The Tibetans really have two major issues. First, cultural survival, which has to do with religion, education and a way of life that is uniquely theirs. Some Tibetans will want to continue to opt for tradition over modernity; others won't. As far as the Dalai Lama is concerned, the individuals should choose, but in the end, it is his desire to help bring his people into the modern world - but as Tibetans, not as Chinese. The other issues are really economic. Tibetans are treated as second class citizens in terms of educational and job opportunities, and housing, etc. This needs to change.

If you would like to discuss this further in person or on the golf course, let me know.

Yours truly,



Richard C. Blum

Enclosures



THE DALAI LAMA

12 June 1997

Dear Mr President:

This letter comes to you through our mutual friends Mr. Richard Blum and Senator Dianne Feinstein. Unfortunately, it comes with a shared sense of deep concern, frustration, and great disappointment over the lack of any progress concerning the Tibetan situation.

When I met Chairman Mao over forty years ago, I felt very assured by him and the other leaders of the new China. The promises made to me gave the people and government of Tibet considerable optimism and confidence. In the mid-1950's, when we were confronted with new crises, it was Premier Zhou En Lai who was able to play a crucial role in reviving my confidence; we met several times during my pilgrimage in India. Unfortunately, the situation in Tibet did not improve despite his best assurances and I ultimately had to go into exile.

Despite lost time and opportunities and the turmoil of the recent past, my hopes were renewed in 1979 when Mr. Deng Xiaoping took the initiative to contact me through my brother in Hong Kong, assuring me that short of our demand for separation from the People's Republic of China, all problems could be discussed and resolved. It was a long overdue rapprochement, and within a few years were able to make considerable progress on several fronts.

Unfortunately, this initiative, started by Mr. Deng and vigorously carried out by Mr. Hu Yaobang, then Party General Secretary, came to a stuttering halt owing to events in Tibet and elsewhere in China that prevented its natural fruition.

Many of the issues are yet to be resolved, and Tibet now draws the concern of more than just the Tibetan people. The primary responsibility for resolving this matter lies with us, and I believe that now is an opportune moment to tackle these problems without prejudice. I have, for my part, openly and in confidence conveyed to you that I am not demanding independence for Tibet, which I believe is fundamental to the Chinese government.

..... 2/-

President Jiang /2

Mr. President, it has been four decades since I have had the opportunity to sit down personally with the leader of the Chinese people to have a frank and direct dialogue. With your leadership and initiative, I am confident that we can begin the process of resolving the many issues concerning Tibet. I believe that you are privileged to be leading the People's Republic of China at a unique time in history when it's economy is growing vigorously and when you are gaining a new respectability in the world.

May I suggest that at our meeting, you and I discuss relations between the Tibetans and the Chinese government. I am also concerned about the maintenance and enhancement of those cultural, civic, and religious institutions that are so important to the Tibetan people and others throughout the world. In addition, we should discuss the fact that economic growth in Tibet has not matched that of the rest of China, and we would be interested in talking about how we can work together towards poverty alleviation and educational and economic growth.

I have been often told by our good friends Mr. Richard Blum and Senator Dianne Feinstein, and others, that a meeting between you and me could make important progress in a relatively short period of time on the aforementioned and other pertinent issues.

In this context, I would hope that it would be possible for you and me to be able to meet face to face some time in the near future. I look forward to your reply.

Sincerely,

A handwritten signature in black ink, appearing to be 'Jiang Zemin', with a long, sweeping horizontal line extending to the right.

His Excellency Jiang Zemin
President
The People's Republic of China
Beijing

DIANNE FEINSTEIN
CALIFORNIA



COMMITTEE ON FOREIGN RELATIONS
COMMITTEE ON THE JUDICIARY
COMMITTEE ON RULES AND ADMINISTRATION

United States Senate

WASHINGTON, DC 20510-0504

(202) 224-3841

April 30, 1998

His Excellency Jiang Zemin
President
Zhongnanhai, Beijing
People's Republic of China,

Dear Mr. President:

Allow me to wish you congratulations on the recent meeting of the National People's Congress, which ratified many of the decisions and personnel changes that you set in motion at the Communist Party Congress last September. The economic reforms and infrastructure development advocated by your new Premier, Zhu Rongji, are most ambitious, and good for both China and Asia at large.

Unfortunately, I must once again raise with you the issue of Tibet, where there has been no improvement whatsoever. When I visited you last September to deliver a letter to you from His Holiness the Dalai Lama and to discuss this issue with you, I was very disappointed by your response. You indicated to me that you did not believe much of what the Dalai Lama said in his letter, and you expressed no willingness to meet with him. Despite my disappointment, I took hope from your message after our meeting that the door was not closed to a more positive answer in the future, and from your suggestion that after your visit to the United States and the National People's Congress, it would be more possible to focus on the issue of Tibet.

Since both your visit and the National People's Congress were so successful, and now that they are behind you, I urge you to take a new look at the issue of Tibet. Specifically, I believe it is essential that you meet with the Dalai Lama, along the lines that he has proposed. I believe that a gesture by you toward such a meeting before President Clinton's visit to China in June, would create a very positive atmosphere for the visit.

I am very disturbed by recent statements made by senior Chinese officials, and articles distributed by Xinhua News Agency that accuse that Dalai Lama of refusing to declare his support for the principle of One China, and that Tibet is a part of China. As you know very well, that is simply not true. In our meeting in September, Richard and I told you very directly that the Dalai Lama told us that he is fully prepared to make such a public statement in the context of a meeting between you and him. But the fact that officials in your government continue to make statements to the contrary makes me think you do not believe what we told you. That troubles me personally.

Mr. President, the urgent need for a meeting between you and the Dalai Lama is increasing, because the situation in Tibet is unquestionably getting worse. Reports of torture and the denial of the most basic human rights of cultural and religious freedom are on the rise.

His Excellency Jiang Zemin

April 30, 1998

Page 2

I am enclosing a letter to me from Dr. David R. Shlim, a respected American doctor working in Kathmandu. He has treated hundreds of Tibetan refugees who have made the dangerous journey from Tibet to Nepal, leaving their families behind and suffering hunger and frostbite along the way. Many others have died trying to cross the Himalayas. Dr. Shlim describes the horrible hardships and injuries these refugees have endured in order to flee Tibet, and has provided the enclosed photographs as evidence of his observations. A similar account appeared in the enclosed article in the Los Angeles Times on April 14, 1998.

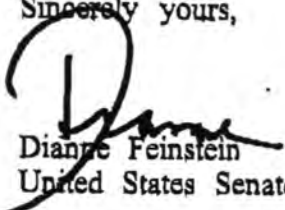
Why would these people voluntarily put themselves through such an ordeal? To me, the answer is obvious: life has become unbearable for them in Tibet. Many of them describe how they have been tortured by Chinese authorities. They also describe being forced to denounce the Dalai Lama and being prevented from freely practicing their religion. Mr. President, I hope you find these first-hand observations and accounts as troubling as I do.

While China has made progress in certain areas of human rights, I find it impossible to defend China's behavior in Tibet. There is no way to justify the torture of innocent people or the denial of their basic right to practice their religion. What is needed now is some gesture by you to show that you are committed to improving the situation in Tibet. An announcement of your willingness to meet with the Dalai Lama to discuss religious and cultural issues, and how to improve the economic situation in Tibet would be the perfect gesture. However, failing to make any such gesture will cast a shadow over your upcoming summit with President Clinton.

I urge you to be bold and creative. You can show the world that China is great enough to work for the good of all its people, and confident enough to sit down and talk to those with whom it has disagreements.

With warmest personal regards.

Sincerely yours,


Dianne Feinstein
United States Senator

DF:dbb

P.S. All good wishes. I hope to be able to see you in June.

①.

DIANNE FEINSTEIN
CALIFORNIACOMMITTEE ON FOREIGN RELATIONS
COMMITTEE ON THE JUDICIARY
COMMITTEE ON RULES AND ADMINISTRATION

United States Senate

WASHINGTON, DC 20510-0504

DETERMINED TO BE AN ADMINISTRATIVE (202) 224-3841

MARKING INITIALS: MJ DATE: 12/17/21 October 9, 1997
206-0803-5~~CONFIDENTIAL~~His Excellency Jiang Zemin
President
Zhongnanhai, Beijing
People's Republic of China,

Dear Mr. President:

Thank you very much for meeting with Richard and myself last week. Thank you also for the information you communicated to me shortly before my departure through Mr. Chen of the Taiwan Affairs Office of the State Council. His news gave me reason to hope that our meeting was not in vain.

I want to express my disappointment that Richard and I failed to communicate the importance in the eyes of the world of the offer we discussed. I am very concerned about the tone of the summit. We know, for example, that there will be major demonstrations by various human rights organizations. In our meeting, I was trying to say that an announcement of your willingness to meet with the Dalai Lama, plus the release of the two most prominent prisoners -- Wei Jingsheng and Wang Dan -- could bring about a very positive response by the U.S. side: namely, a reevaluation of the Tiananmen Square sanctions and further commitments on Taiwan.

Mr. K.S. Wu told us when we were departing Beijing that the door was not closed and that you will consider these ideas.

As far as a meeting with the Dalai Lama is concerned, permit me to suggest two possibilities: one, you could invite him to make a personal visit to various religious sites in China; or two, Beijing could invite the Dalai Lama to take part in a conference of religious leaders representing all the great faiths of China.

Please know, Mr. President, that I did not make this long trip to say things that were not important.

His Excellency Jiang Zemin

October 9, 1997

Page 2

With respect to your upcoming state visit to the United States, I am trying to convince you that this summit must be productive in ways that are mutually beneficial to the Sino-U.S. relationship. Frankly, the image of Tiananmen Square is still very much in the minds of the American people. Constructive achievements in your meeting with President Clinton would be most beneficial in improving this unfortunate perception of China.

All the world will be focused on you. This summit will be your first opportunity to be center stage for all the world powers to make their judgements about what kind of leader you will be for China.

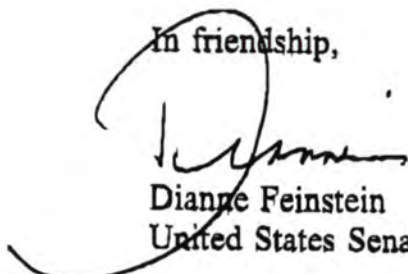
As we discussed, the U.S. media will shine an intense spotlight on you during your visit. Ambassador Sasser has a list of some of the most difficult questions that you may well be asked by American reporters, as well as my notes. I spoke with Ambassador Sasser just prior to leaving Beijing and again this week in Washington, and I know that he would be willing to discuss this material with you.

Please, Mr. President, consider these issues carefully. I have been a friend of China for a long time now, and want the best for both our countries. An overture to the Dalai Lama would create a new day of a more open China, and the release of Wei Jingsheng and Wang Dan would help bring a close to the chapter of Tiananmen Square. Nothing would have a greater impact on the success of the summit than bold action on your part with respect to these issues.

I hope that you will give serious thought to my words. At this unique moment in the U.S.-China relationship you have an unprecedented and historic opportunity to help move it toward the brightest possible future.

Richard joins me in sending our warmest regards and best wishes,

In friendship,



Dianne Feinstein
United States Senator

Dear Phil,

I have asked VP Gore
to handle ~~your~~ the matter
you raised in your letter to me.
He tells me he has ~~a ^{idea}~~.

Dear

This ~~is~~ is the VP's undertaking.
He has drafted a note for the
President's signature. BC Sig.

Paul
6/8

"TO VP ↑

FYI - IF you'll
handle. I need
A short ^{note} to him
to that effect.

BC"

Some ideas about how to
proceed. He will be in
touch. It was good seeing
you at the White House. Your
were great. Thanks.

S
BC



prologue

chapter

chapter

chapter

chapter

www.phildriscoll.com

TO VP
Fg - I will handle
I need a short note
to him to react after
Bm

6-5-98

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



June 3, 1998

Copy 1
VP
CCL

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

Dear Mr. President:

Many times when disaster has struck our nation and others, I have longed to see music play a role never played before to bring hope and healing during times of great heartache and suffering. In the history of our world, there have been many presidents, kings and queens who have loved music, but in my opinion you are the only one that has a true understanding of its power to touch the heart--young or old--of any nation. You are indeed the President, but you are also a musician.

Therefore, I am respectfully requesting that you consider empowering me with a very special position entitled "**Ambassador of Hope**" of the United States of America.

1. As the "**Ambassador of Hope**" I will utilize music to bring comfort with compassion, and promote hope to people, both young and old in time of trouble and disaster and suffering.
2. As the "**Ambassador of Hope**" I will create a task force of musicians that can be mobilized quickly in times of great need and at your desire.
3. As the "**Ambassador of Hope**" I will bring with me not only in the music, but in the words I speak and the people I touch, the very heart of the Spirit of Freedom.

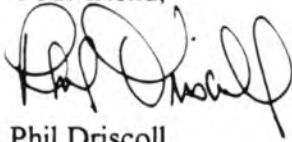
If it is true that music is a gift of God, and I am sure that you would agree with me that it is, then can we not use it to positively influence our children, the young people of our nation. When you consider what has happened in Springfield, Oregon and the tragic killings of many students in public school, we can see that the problem is no longer just inner cities but has spread to rural America. Mr. President, I believe in my heart that what most young people have lost, is hope and self esteem.

4. As the "**Ambassador of Hope**" I will utilize the Spirit of Freedom Foundation which I have been a part of since 1988, to positively influence Jr. High and High School young people *to have hope, to believe in themselves and to be the best that they can be.*

Mr. President in closing, I am aware that at this time there is no such position as **"Ambassador of Hope."** However, Sir, it is my understanding that you may appoint anyone at any time to such a position if you so desire. I trust that as you read this letter, you will see my dream and make it a reality. With one stroke of your pen, you can be the only President in American history to appoint an "Ambassador of Hope" and utilize the force of music----through a song or the sound of a trumpet, a word or a touch, to bring hope to our children and a hurting world .

Mr. President, I would appreciate very much the opportunity to personally present in further detail my concept of my role as your **"Ambassador of Hope."**

Your friend,

A handwritten signature in black ink, appearing to read 'Phil Driscoll', with a stylized, cursive script.

Phil Driscoll

PD/jc

THE WHITE HOUSE

WASHINGTON

June 8, 1998

Mr. Vice President:

Have you and/or the President
committed to this?

Phil Caplan



June 3, 1998

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

Dear Mr. President:

Many times when disaster has struck our nation and others, I have longed to see music play a role never played before to bring hope and healing during times of great heartache and suffering. In the history of our world, there have been many presidents, kings and queens who have loved music, but in my opinion you are the only one that has a true understanding of its power to touch the heart--young or old--of any nation. You are indeed the President, but you are also a musician.

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Your friend,

A handwritten signature in black ink, appearing to read 'Phil Driscoll', written in a cursive style.

Phil Driscoll

PD/jc

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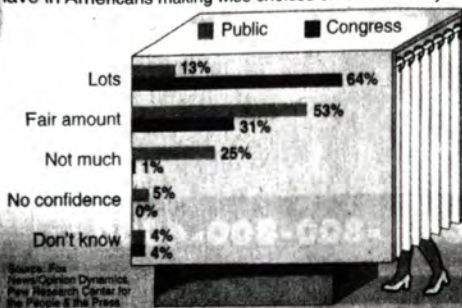
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SNAPSHOTS®

Look at statistics that shape the nation

Trust in the American people

How much confidence the public vs. members of Congress have in Americans making wise choices on Election Day:



By Anne R. Carey and Elys A. McLean, USA TODAY

Dan Burkhardt:
Please coordinate
the reply.

American
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Street. In
the merger,
Daimler-
Benz's \$39.5 billion merger

with Chrysler... The new company, which hasn't been named, will be a drug and agricultural giant. Monsanto, based in St. Louis, produces Lasso and Roundup herbicides, Ortho garden products and sugar substitute NutraSweet. American Home, based in Madison, N.J., makes Chap Stick, Advil, Robitussin and Centrum vitamins. Monsanto says the deal gives

ing and marketing prowess to develop new products. And American Home gains Monsanto's fast-growing agricultural biotechnology business. The combined company will spend \$3 billion a year on research and development. "We are poised for growth," says Monsanto CEO Robert Shapiro. Analysts say the deal is a good fit. The new company's

emphasis on new products will benefit consumers. Under terms of the deal, American Home's shareholders will own 65% of the new company, Monsanto's 35%. The deal faces regulatory and shareholder approval. Analysts don't foresee regulatory problems because the companies have little overlap.

► Biotech powerhouse, 1B

executive... er some White... sations on private... with first lady Hillary... The judge said, however... Starr's need for the testimony of Blumenthal and Lindsey... weighed the privilege. Johnson also has refused to recognize a Secret Service privilege.

► Legal fallout, 9A

Billionaire to help young lawyers aid the poor

By Tony Mauro
USA TODAY

WASHINGTON — Billionaire philanthropist George Soros sets his sights on the legal profession today, launching a multimillion-dollar program to encourage young lawyers to help the poor.

Soros will match money donated by law firms and corporations to fund 70 two-year public interest fellowships for young law school graduates.

Among the projects the 70 new lawyers will undertake starting this fall: aiding battered women, the homeless, Native Americans and migrant farm workers. The lawyers will be paid up to \$32,000 a year and will get help paying off law school debts.

Soros says he is giving the money to increase job opportunities for "the enormous number of law students and graduates who want to work in underserved communities but cannot

find jobs." Federally funded legal aid programs have been cut by one-third, Soros said.

Soros, 67, will announce the grant at a press conference in Washington. He will be joined by Georgetown Law School Dean Judith Areen, American Bar Association president-elect Phillip Anderson and Ford Motor Company counsel Jack Martin.

Born in Hungary, Soros made billions on Wall Street and has targeted his philanthropy toward

solving urban and social ills.

David Stern of the National Association for Public Interest Law, which will run the program, confirms a surge in interest in public interest law.

"There have always been a lot of young people who go to law school motivated by a desire to help others rather than go to high-paying jobs," says Stern. "What is new is that a lot more people are holding onto that desire when they come out."



By Kathy Wilens, AP

George Soros: Program will fund 70 fellowships.

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6-8-98

For Mike TV to
him on the Bz

THE PRESIDENT HAS SEEN
6-8-98

Richard C. Leone | President

THE
TWENTIETH CENTURY FUND
FOUNDATION

copied
Spelling
(original)
COS

POTUS

fyi

May 29, 1998

Thank you being done

Dear Friends:

The most troubling aspect of the debate over the future of Social Security is the dearth of information available to policymakers, journalists and citizens of all ages. People with specific agendas have filled this void with confounded facts and alarmist rhetoric.

At this critical juncture in the national discussion about the most popular social insurance program in the nation's history, the need for facts and informed analysis is especially acute. You'll find straightforward, factual reporting on the issues important to the Social Security debate in the latest Century Foundation/Twentieth Century Fund report, *Straight Talk about Social Security: An Analysis of the Issues in the Current Debate*. This report was written by former Social Security Commissioner Robert M. Ball, with Thomas N. Bethell, a D.C.-based writer and editor.

The Century Foundation/Twentieth Century Fund has been working to separate the myths from the reality about Social Security and to provide information to those who need or want it. Our updated *Basics* pamphlet on Social Security is a solid primer on the debate. In the coming weeks we will release a number of reports and issue briefs on various aspects of this debate. In June, look for our new Social Security website.

Information should form the core of any public policy discussion -- especially one as important as this. Stay in touch and stay informed.

Sincerely,



Richard C. Leone

Enc.

41 E. 70th Street, New York, NY 10021

tel. 212.535.4441

fax 212.879.9190

web: <http://epn.org/tcf.html>

email: xxthfund@ix.netcom.com

Washington Office • 2400 N Street, N.W., Washington, D.C. 20037

Robert M. Ball
with **Thomas N. Bethell**

Straight Talk about Social Security

An Analysis
of the **Issues**
in the
Current Debate

A Century Foundation/Twentieth Century Fund Report

ould have accommodated all the sharply differing views about both Social Security's prospects and the proper policies to deal with it.

In this atmosphere of confounded facts and alarmist rhetoric, the need for factual and clear reporting has been especially acute. Therefore, The Century Foundation/Twentieth Century Fund has been attempting to provide a solid base of information for citizens of all ages. Over the last three years, we have published a number of books looking at this program and other issues related to it. Our book series pamphlet series includes volumes on *Social Security Reform* (2nd edition, 1998), *Medicare Reform*, and *Medicaid Reform*, and Robert Eisner has prepared two reports for us—*The Great Deficit* and *More, Not Less*. In addition, this year we will launch our Social Security Network on-line, and publish a number of white papers and books relating to Social Security, pensions, and the aging population in America.

Still, in the early spring of 1998, the need for current facts and informed analysis seemed greater than ever. Therefore, we are especially pleased that Robert Ball, former commissioner of Social Security and a member of the recent Advisory Council on Social Security, has joined, with Thomas N. Bethell, the following closely reasoned and important report on the central issues in the current debate about Social Security. Ball's reflections on the key issues and his agenda for the program should be required reading for all Americans. On behalf of the Trustees of The Century Foundation, I thank Robert Ball for his work on this publication and his leadership in the field of Social Security.

RICHARD C. LEONE, PRESIDENT
The Twentieth Century Fund
April 1998

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DECISION
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Government Relations • Issues Management

May 22, 1998

Phil -
I need an
answer on
your ass.
N/A

TO: Nancy Hernreich

FR: Brian Lunde

RE: Attached Request from Muhammed Ali

I have been volunteering some time to help create the new Muhammed Ali Center in Kentucky. I am working with former Governor John Y. Brown, Larry Townsend and others to make Ali's vision a reality. They have asked me to follow-up on a specific task.

In the enclosed letter, Ali is asking the President to send a note to Richard Parsons, the President of Time Warner, Inc. I have attached a draft note for your review. I have been asked to get a copy of the note if, in fact, the President is willing to send it.

I will give you a call on Tuesday to get your thoughts about this request. Thanks.

6/8

Den -

I've talked to Brian Lunde about this and explained to him we can't do what he wants. But that we could respond to Ali by saying nice things about the center. Should say "longstanding with policy process we than assist you in recreating Board Members..."

May 20, 1998

Muhammad Ali

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

Dear Mr. President:

Thank you so much for your kind note of April 27th regarding your receipt from Seth Abraham of my book, *Healing*. I particularly appreciated your gracious comments regarding my efforts to promote understanding and healing among all of the people of the world. I equally applaud your efforts to see our nation heal racial wounds, and celebrate, rather than rebuke, our rich cultural diversity.

I am quite aware of the emphasis you and Mrs. Clinton have placed on children, and the need to focus our attention on creating a nurturing environment that gives them hope and inspires them, regardless of their economic situation, to dream and to reach their goals. These same issues are of utmost importance to me, and much of my time is spent traveling throughout the world as an advocate for those who have yet to reach their potential, focusing particular attention on the children.

Given our mutual interests in this regard, let me take a few moments to tell you about a project that is of particular interest to me. While I am not interested in personal honors, I do wish to leave as my legacy a place where these values and teachings can continue to be pursued, where adults and children can be touched. This is why I am personally involved in creating the Muhammad Ali Center in Louisville, Kentucky, my home town. The Center will be an interactive educational institution that will explore the basic human values that are so important to me; it will devote itself to delivering a message of tolerance and healing, of pride and empowerment, of health and dedication, of athleticism and spiritualism. The Center will embrace these values in exciting and meaningful experiences, which will inspire the youth of today and generations to come.

There is presently no institution of this kind where such a holistic approach to the spirit of the individual is presented and celebrated. The Center will be broad based and its programming will consist of major national and international outreach efforts through a wide variety of programs, workshops, cooperative learning projects, and special events, distance learning and worldwide access via the Internet. My wife Lonnie and I are so committed to this project that we are moving home to Louisville to be actively involved in the Center's development.

There is, Mr. President, something you can do immediately to help me advance this from a dream into a living, breathing institution. We are creating a nationally distinguished Board of Directors to develop the Center, and to raise the necessary funds for its construction. I recently asked Richard Parsons, the President of Time Warner, Inc., to lead this national fundraising effort. He has been briefed on the project and currently is determining if he is able to serve in this capacity. A brief note from you to Mr. Parsons indicating your knowledge of the project and your support of its mission and goals would be a great help and warmly appreciated.

Mr. President, I look forward to the day when Lonnie and I stand shoulder to shoulder with you and Mrs. Clinton in the new Muhammad Ali Center and feel the message of love, tolerance, and hope that it will generate.

With best regards,

Muhammad Ali

Muhammad Ali

May 20, 1998

Mr. Richard Parsons, President
Time Warner, Inc.
75 Rockefeller Plaza
New York, N.Y. 10019

Dear Mr. Parsons:

It has recently come to my attention that you are considering serving in a major capacity on the Board of Directors of the proposed Muhammad Ali Center in Louisville, Kentucky, and have been asked to lead a national fund-raising effort on its behalf. I am familiar with the proposed Center, and Hillary and I are quite excited about the mission and goals of this ambitious project. Given our commitment to racial harmony and understanding, and the message of tolerance, understanding, and spirit of the human condition that this Center will embody, we believe that efforts to turn this from a dream into reality should be applauded.

Those of us who have experienced the incredible life path of Muhammad Ali, cannot help but be inspired by his example. I hope that you will find the time to help Muhammad on the creation of this important national model of understanding and tolerance. Our nation will be a better place because of your efforts in this regard.

Sincerely,

Bill Clinton