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Chiron

THE WHITE HOUSE
WASHINGTON

DATE: July 13, 1998

NOTE FOR: Secretary Madeleine K. Albright
Department of State

The President has reviewed the attached, and it is forwarded to you
for your:

Information ☒

Action ☐

Thank you.

Staff Secretary
(x6-2702)

cc:

copied
Bowles
Albright

'98 JUL 11 PM3:19

THE SECRETARY OF STATE
WASHINGTON

July 10, 1998

MEMORANDUM FOR THE PRESIDENT

7-13-98

FROM: Madeleine K. Albright *mkA*

SUBJECT: Night Note

Jack Lew convened a helpful meeting at OMB on Congressional consideration of our \$13.5 billion Foreign Operations Budget. The discussion highlighted the disaster we face if the Foreign Operations Bill is appropriated at anything near current funding allocation levels (\$12.5 billion in the House and \$12.6 billion in the Senate).

At stake are: all our new Africa initiatives; funding for our non-proliferation program in North Korea; the Peace Corp's Millennium Initiative; Eximbank programs in the developing world, our support for the IAEA and the Comprehensive Test Ban Treaty; your demining 2010 initiative; NATO expansion commitments; our programs to stabilize and bring democracy to the NIS and Central Europe; parts of our Middle East Peace process; and new anti-narcotics initiatives.

Page 1 It is not hyperbole to say that we cannot sustain American global leadership with Foreign Operations funding at these very low levels.

To fix this problem, I am going to have to ask once again for your help. I am raising with the relevant Committees my strong concerns, and I will tell them that I have no choice but to recommend veto of the Bill, if it is passed at current funding levels. Over the next few weeks, I will need a strong commitment at the White House to restore funding in this Bill to or near request levels. This will require heavy lifting and putting this issue high on the priority list.

We have made many worthwhile promises in our travels around the world. But now we need to be sure we receive the funds necessary to live up to our commitments and maintain foreign policy coherence in the last two years of your Presidency.

7-13-98

THE WHITE HOUSE

WASHINGTON

July 11, 1998

MR. PRESIDENT:

Attached are the following weekly reports:

- (A) CEA Weekly Economic Briefing
- (B) Interest Rates/Stock Market & Update on Emerging Markets (Treasury)
- (C) DPC Report
- (D) NEC Report
- (E) CEQ Report
- (F) OSTP Report
- (G) Emanuel Report
- (H) Communications & Speeches Reports
- (I) Legislative Report
- (J) Public Liaison Report
- (K) Intergovernmental Report
- (L) Climate Change Report
- (M) Race Initiative Report
- (N) Cabinet Affairs Report
- (O) Political Report

Phil Caplan 
Sean Maloney 

Tab A - Copied whole report to Yellen, COS;
pp. 2-4 and 7 to HRC, COS
Tab C - Copied Reed, Kagan, COS
Tab D - Copied Sperling, COS
Tab F - Copied Jones, COS, Stern
Tab G - Copied Emanuel, COS
Tab H - Copied Communications Weekly Report
to Lewis, Spector, COS
Tab I - Copied Stein, COS
Tab L - Copied Stern, COS

Tab N - Copied Marshall, COS

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THE WHITE HOUSE
WASHINGTON

July 10, 1998

THE PRESIDENT

7-13-98

MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. *T.M.*
SUBJECT: Summary of Cabinet Weekly Reports
July 4 - 10, 1998

*Copied
Marshall
COS*

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

- **FL Fires:** Since May 25, nearly 2,000 fires have consumed more than 481,719 acres in 67 counties in FL. Numerous towns and districts have been forced to evacuate, affecting as many as 112,000 people. You granted Governor Chiles' request for an emergency declaration on June 18. The Vice President and Governor Chiles toured the affected areas on June 29. FEMA Director Witt visited these areas on July 3-4. On July 9, you traveled to Daytona to meet with residents and fire fighters. In your remarks to the fire fighters at the Daytona Speedway, you announced that 29 counties that originally received only public assistance will now be eligible for individual assistance. This is in addition to the five counties previously designated for both public and individual assistance. You also announced that DOL approved a grant of up to \$1 million to FL to create 200 temporary jobs to assist in cleanup and restoration and that the entire State had been approved for USDA Emergency loans to help cover production and physical losses in counties.
- **Anti-Drug Media Campaign:** Attorney General Reno and Secretary Shalala traveled to Atlanta, GA with you for the roll-out of the Anti-Drug Media Campaign. After the event, the Attorney General, the Secretary, and Director McCaffrey amplified your message in five other test cities. ONDCP and CADCA convened town halls around the country. Director Lachance traveled to San Antonio, TX and agency regional administrators attended events in cities around the country.

DEPARTMENT OF TREASURY

- **Africa Trip:** On July 11-18, Secretary Rubin will meet with government officials and private sector representatives in Côte d'Ivoire, South Africa, Namibia, Mozambique, and Kenya to advance your Partnership for Economic Growth and Opportunity. The trip will address the obstacles to increased private investment and establish closer working

relationships with several African countries which are reforming their economies. The delegation will explore ways in which the international financial institutions, Treasury, and the private sector can assist in the development of financial markets and support more effective African regional integration. The Secretary will also discuss efforts to combat money laundering, encourage micro credit finance, and improve economic governance.

- **Africa Trade Initiative:** On July 21, the Senate Finance Committee will mark up the Africa Trade Initiative, with floor action possible in September. The White House has begun negotiations on this bill with Senate co-sponsors, as the Senate bill differs from the House version and needs to address textile concerns in order to win the support of Senator Breaux and others.
- **Japan:** The Prime Minister of Japan made clear this week that he will seek a permanent reduction in income and corporate tax rates which will take effect next year. It is still unclear how quickly the government will phase in offsetting revenues, either by lowering the income threshold at which taxes are paid or by other means. A senior LDP official indicated that the scale of the tax cuts would be approximately 4 trillion yen, or 0.8 percent of GDP. The major development in the banking system was the announcement by the Financial Supervision Agency of Long-Term Credit Bank that it has begun an inspection of the bank in preparation for its planned merger with Sumitomo Trust.
- **Pakistan:** On July 9, the central bank announced a tightening of foreign exchange controls, requiring banks to seek central bank approval for additional categories of foreign exchange transactions and prohibiting banks from releasing foreign exchange for travel and education abroad (such needs will have to be met through the parallel market). The rupee weakened for a cumulative decline of approximately 17 percent since the nuclear tests began. The Karachi stock index was down 4 percent in the week through July 9, as Finance Minister Aziz announced that Pakistan may place a moratorium on external debt repayments if IFI lending continues to be blocked by sanctions. The stock market has fallen a cumulative 45 percent since India's nuclear tests on May 11.
- **Social Security:** On July 22, Secretary Rubin, Deputy Secretary Summers, and Social Security Commissioner Apfel will testify before the Senate Finance Committee on general retirement policy issues, including private pensions, personal savings, and Social Security.

DEPARTMENT OF JUSTICE

- **Border Patrol Agents:** On July 8, in Harlingen, TX, two agents with the U.S. Border Patrol were shot and killed assisting local authorities in locating a fleeing homicide suspect. The Attorney General attended both funerals on July 10.

MR PRESIDENT:

You also sent
condolence letters.

Phil

7/11

- **Disability Case:** On June 30, DOJ reached a settlement with Carmike Cinemas, Inc., which operates theaters in 36 states. The investigation was initiated by a complaint alleging that certain Carmike theaters in Des Moines, IA were not wheelchair accessible. In the settlement, Carmike agreed to remove barriers at the Des Moines theaters and to undertake a nationwide review of all its theaters to identify and seek to remove barriers to access.
- **Native American Conference:** In a collaborative effort, the Office of Tribal Justice and the U.S. Attorney's Office in the Eastern and Western Districts of WI will host the "Great Lakes Native American Conference." This is a multi-disciplinary conference for representatives from human services, education, clergy, and victim services, and for tribal leaders. Topics will include federal domestic violence initiatives, elder abuse, and building on the strengths of Native American families.
- **DOJ Oversight:** The Senate Judiciary Committee has scheduled an oversight hearing on DOJ activities for July 15. Both the Attorney General and the Deputy Attorney General will testify.
- **Civil Rights Division Oversight:** On July 14, the Senate Judiciary Committee will hold a Civil Rights Division oversight hearing. On July 17, the House Judiciary Constitution Subcommittee will hold an oversight hearing on the Civil Rights Division.

DEPARTMENT OF INTERIOR

- **NPS Visitor Surveys:** Visitors at more than 300 national park sites will have the opportunity to rate facilities, services, and recreational opportunities as NPS implements its first Visitor Survey Card Project this summer. The Visitor Survey Card Project will assist NPS in the planning and in complying with the Government Performance and Results Act (GPRA).
- **African-American Civil War Memorial:** On July 15-18, events will take place commemorating the African-American Civil War Memorial to 235,000 African-American soldiers and their white officers who fought in the Union Army. The events presented by the African-American Civil War Memorial Freedom Foundation include an Arlington Memorial Sunrise Service, a Commemoration Ceremony, a Ford's Theater program to honor the partners and volunteers who worked on the Civil War Soldiers and Sailors data entry, a parade along historic Georgia Avenue, and the unveiling of the "Spirit of Freedom" bronze sculpture.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **FL Fires:** On July 9, Secretary Glickman declared FL a disaster area, making farmers throughout the state eligible for low interest emergency loans from USDA to recover from fire- and drought-related damage.
- **Water 2000:** On July 13, Secretary Glickman and the Vice President will announce over \$165 million in water and waste water funding to 88 projects in rural communities in 38 states as part of USDA's annual Water 2000 initiative, designed to provide as many rural households as possible with clean drinking water by the year 2000.
- **Exports to India and Pakistan:** On June 25, USDA suspended export credit guarantees that had been made available to finance the purchase of U.S. agricultural commodities by buyers in India and Pakistan. Pakistan has tendered for 300,000-350,000 tons of white wheat, which the U.S. has historically supplied under USDA's export credit guarantee program, without which Australia and perhaps Turkey will make the sale.

DEPARTMENT OF COMMERCE

- **NOAA Activities Cleared of Indian-Pakistani Sanctions:** On July 1, the Sanctions Interagency Working Group determined that Indian and Pakistani reception of National Oceanic and Atmospheric Administration (NOAA) polar-orbiting satellite data does not fall within the area of concern for sanctions. NOAA and NASA science encompassed by the MOU for Science Cooperation in Earth and Atmospheric Sciences signed in December 1997 were also cleared.
- **Economics and Statistics Administration's (ESA) Economic Indicators:** ESA will release the following indicators during July 12-18:
 - ▶ July 13 - Quarterly Financial Report for Retail Sales (First Quarter).
 - ▶ July 14 - Advance Retail Sales (June).
 - ▶ July 15 - Manufacturing and Trade: Inventories and Sales (May).
 - ▶ July 17 - U.S. International Trade in Goods and Services (May).
- **Chemical Weapons Convention (CWC):** On June 23-25, at the invitation of the Swiss, officials from the Bureau of Export Administration (BXA), the Arms Control and Disarmament Agency, and the On-Site Inspection Agency, met in Bern, Switzerland, with Swiss government and industry representatives to discuss CWC implementation. According to the Organization for the Prohibition of Chemical Weapons, inspections of Swiss facilities have run smoothly. The Swiss validated BXA's inspection procedures based on their implementation of similar efforts, and they also explained their experiences with outreach, preparing declarations, hosting inspections, and controlling exports to non-member countries.

DEPARTMENT OF LABOR

- **GM Strike:** Local UAW and GM negotiators continue to meet in Flint, MI in intensified negotiations. Local talks are also under way in Dayton, OH, where a strike vote was taken on June 30 and in Indianapolis, IN, where a strike vote is scheduled for July 19. The two-week summer vacation shutdown provided for by the UAW contract with the Big Three automakers ends July 13. According to GM, 117,462 hourly workers had been laid off when the shutdown began on June 29. A total of 161,600 GM hourly workers in North America had been affected. Because of the shutdown, GM is reporting no additional layoffs.
- **CA Dislocated Workers:** On July 8, DOL provided \$49,212,835 to the CA Employment Development Department to assist dislocated workers. These funds will be used to support the continuing cleanup and restoration efforts resulting from the El Niño storms devastating parts of CA earlier this year .
- **PR Telephone Company Strike:** The government of PR is planning to sell 50 percent plus one share of the state-owned telephone company to GET and a local bank. PR has offered to guarantee all current jobs for a year and to negotiate employment issues with the independent telephone workers union. The union wants to block the sale and has so far refused to negotiate over related employment issues. Three weeks ago, 6,400 telephone workers went on strike; the general strike started on July 7. There has been some violence and some rough treatment by the police.
- **Bureau of Labor Statistics (BLS) Data Announcements:**
 - ▶ July 14 - Consumer Price Index (June).
 - ▶ July 15 - U.S. Import and Export Price Indexes (June).
 - ▶ July 17 - State and Regional Employment and Unemployment (June).
- **Welfare-to-Work:** Currently, DOL has approved 26 state formula plans worth approximately \$462,653,186 million. All states and territories (except the six states that declined funding) submitted their plans and are being reviewed. On July 9, the Vice President announced IA (8,331,799) and Secretary Herman plans to move forward with CO (9,878,865), OR (8,636,930), AK (2,926,500), CT (12,005,943), NH (2,761,875), WV (9,805,500), and MD (14,940,556) within the next week. Additionally, the CA grant (190,417,247) is ready to move forward and DOL is coordinating the announcement with the White House.
- **DC Navy Yard:** On July 15, the Vice President will announce the Navy Yard Initiative at the Community Empowerment Conference. The Navy Yard Initiative is an interagency effort to support community planning and empowerment of the South Washington, DC region around the Navy Yard site. DOL, HUD, DOI, EPA, GSA, the DC government and community-based organizations are helping to coordinate this effort.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- Childhood Vaccination:** In an article in the upcoming *Morbidity and Mortality Weekly Report*, the National Immunization Survey (NIS) provides ongoing national estimates of vaccination coverage in 1997 among children aged 19-35 months. Findings indicate that vaccination coverage continues to exceed 90 percent for three or more doses of diphtheria and tetanus toxoids and pertussis vaccine (DTP)/diphtheria and tetanus toxoids, three or more doses of poliovirus vaccine, one or more doses of measles-containing vaccine, and three or more doses of Haemophilus influenzae type b vaccine. Intensified efforts are needed to reach 90 percent levels for four or more doses of DTP vaccine, three or more doses of hepatitis B vaccine, and varicella vaccine. On July 20-24, the 32nd National Immunization Conference will be held in Atlanta, GA.
- TX Raw Oysters:** On July 1, FDA reminded consumers not to eat raw oysters from Galveston Bay, TX, which have been under a nationwide recall since May 27, because they may contain harmful levels of *Vibrio parahaemolyticus*. This organism is a marine bacterium that can cause serious gastrointestinal illness. Since last week, 128 cases of the illness associated with Galveston Bay oysters have been reported in CA, FL, and TX. FDA is working with the TX Health Department to determine when harvesting of oysters from Galveston Bay may resume.
- DoD-Medicare Subvention Demonstration:** On July 1, Madigan Army Medical Center in Fort Lewis, WA, was approved by the Health Care Financing Administration as the first site under the DoD-Medicare Subvention Demonstration.
- KY Child Safety Seats:** Since the KY child restraint law went into effect in 1982, the number of motor vehicle occupant deaths among children aged 0-4 years has decreased by 3 percent. Much of this decrease is attributed to the increased use of child-safety seats (CSSs). Although the rate of child-restraint use in KY was 72 percent in 1995, a high percentage of CSSs were used improperly.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- Community 2020 Seminar:** On July 8, Secretary Cuomo hosted HUD's fifth Community 2020 seminar, "Strengthening Communities, Increasing Public Safety: Old Values, New Strategies." The seminar focused on maintaining safe streets and neighborhoods, and creating community safety and security in cities and suburbs by strengthening families, building new relationships between police and community, and learning what is working at the block and neighborhood level across the country.

- **Consolidated Plan Funding:** Secretary Cuomo announced grants for housing and community development under Consolidated Plans to NYC (\$274 million on July 1), Salt Lake City, UT (\$6.1 million on July 7), Tacoma and Everett, WA (\$4.9 million and \$925,000, respectively, on July 2) and Topeka, KS (\$3.15 million on July 2).

DEPARTMENT OF TRANSPORTATION

- **FL Fires:** Air traffic and air operations have not been seriously affected by the fires, although ten Temporary Flight Restrictions are in effect to support the U.S. Forest Service (USFS). Temporary Air Traffic Control facilities have been established by FAA at the request of the USFS to support the coordination of air strikes by firefighting aircraft, and the FAA Center for Management Development in Palm Coast is being used to lodge and support firefighting personnel. The Regional Emergency Transportation Representative is on the scene at the emergency operations center in Tallahassee working with state transportation officials to ensure that equipment and manpower are transported to the fire locations.
- **Africa:** On July 7-15, Secretary Slater will meet with his transportation counterparts in Africa to launch the "Safe Skies" for Africa Initiative announced by you this spring. The Secretary will convene regional meetings in Harare, Zimbabwe, and Dakar, Senegal, to develop plans for improving the safety and security of Africa's aviation system to accommodate increasing trade, investment, and growth. The Secretary will also visit Angola, Cameroon, Cape Verde, and Ethiopia.
- **Zero Tolerance Laws for Youth:** On June 30, the ND legislature approved an amendment to the state's zero tolerance law to become the final state to amend an existing law to conform to Federal requirements. Zero tolerance laws make it illegal for persons under the age of 21 to drive with any measurable amount of alcohol in their system, defined as a blood alcohol concentration of .02 or less.
- **Dixon Entrance Salmon Fishery:** On July 1, the Dixon Entrance (along the AK-Canada border) Coho salmon fishery opened without any salmon agreement between the U.S. and Canada. In this region, both the U.S. and Canada claim approximately 750 square miles of disputed area as territorial seas. Through an interim bilateral agreement, both countries are allowed to conduct "traditional" fishing within the disputed area. The issue may be contentious because Canadian officials recently closed their Coho fishery for conservation reasons. In attempts to defuse any confrontations, two 110-foot Coast Guard patrol boats will be operating in Dixon Entrance and will act as liaison between U.S. fishermen and any Canadian Department of Fisheries and Oceans patrol vessels.

DEPARTMENT OF ENERGY

- **New Energy Efficient Alloy:** An iron-based bulk amorphous alloy has been discovered. This discovery could significantly increase the use of energy-efficient amorphous ferromagnetic alloys in power transformers and result in energy and cost savings. The reduced electrical power losses would result in reduced environmental pollution.
- **Ghana Energy Situation:** Representatives from DOE, DOT, and USAID will travel to Ghana to assess the current energy crisis. In response to your pledge to help that nation, the team will review plans made by the Government of Ghana to meet its energy needs, assess short, intermediate, and long-term options, as well as U.S. assistance, and develop options to enable Ghana to achieve its goals in a cost-effective manner. A major part of the assessment will be evaluating prospects for developing Ghanaian and regional oil and natural gas resources, as discussed with the Ghanaian Vice President during his U.S. visit with the Vice President in May.
- **Los Alamos Integrated Plutonium Prototype System:** The prototype integrated plutonium pit disassembly and conversion system at the Los Alamos National Laboratory is scheduled to commence “hot” operations in July or August and will serve as the basis for the design of a full-scale facility.
- **Hanford Tank Waste Remediation System (TWRS):** Negotiations are still underway for the TWRS privatization contract which will support the design, construction, and operation of a facility used to treat and immobilize 54 million gallons of highly radioactive waste stored in 177 underground tanks at the Hanford Site in WA. The mid-July target date for completing a contract remains viable.

DEPARTMENT OF EDUCATION

- **21st Century Community Learning Centers:** On July 10-11, the first national meeting of representatives of the 98 programs selected from among 2,000 grant applicants to receive 21st Century Community Learning Center grants will be held in DC. DOE is working with the Mott Foundation and the National Center for Community Education to help the new grantees understand the grant requirements and their responsibilities and to develop a long-term program of support and evaluation.

VETERANS AFFAIRS

- **Blind Rehabilitation Program:** On July 14, Mrs. Gore will join Secretary West and Michael Naranjo, a nationally recognized blind sculptor and Vietnam veteran, in honoring the 50th anniversary of VA’s Blind Rehabilitation Program, the Nation’s largest single program of care and training for blind Americans.

- **National Veterans Wheelchair Games:** On July 7, Secretary West addressed the opening ceremony of the 18th National Veterans Wheelchair Games in Pittsburgh, PA. The Games, the largest annual wheelchair sporting event in the U.S., are co-presented by VA and the Paralyzed Veterans of America. The competition is open to all U.S. military veterans who use wheelchairs due to spinal cord injury, certain neurological conditions, amputations or other mobility impairments. This year the Wheelchair Games include over 600 competitors from all 50 states, Puerto Rico, and Great Britain.

ENVIRONMENTAL PROTECTION AGENCY

- **FL Air Quality:** Wildfires in FL have resulted in heavy smoke and unhealthy levels of particulate matter in some areas. Air quality data collected by the state of FL in Volusia County (Daytona Beach) show that levels of soot are double EPA's public health standard. Other exceedances of the standard have occurred in Ocala, Jackson, and Hamilton counties. The state of FL and the Volusia County Health Department have issued health advisories in response to the conditions. Elevated levels of soot have been recorded in other parts of FL as well as in GA, but they remain below EPA's public health standard.
- **EU Rules for Cleaner Fuels:** On June 29, the EU announced new rules for cleaner-burning gasoline and diesel fuels that aim to cut as much as 70 percent of car emissions, such as nitrous oxides, carbon monoxide, hydrocarbons, and particulate matter. The announcement resulted from negotiations among representatives of industry, EU governments, and environmental groups.

UNITED STATES TRADE REPRESENTATIVE

- **China MFN:** On July 8, USTR briefed Ways and Means Committee staff on the U.S.-China Summit. On July 9, Ambassador Barshefsky and Secretary Albright testified before the Senate Finance Committee on China MFN. On July 10, USTR and State briefed the Senate MFN Group on the U.S.-China Summit.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Counterdrug Intelligence Architecture:** On May 29, the White House Task Force on the Coordination of Counterdrug Intelligence Centers and Activities submitted its "For Comment" report to the interagency committee. ONDCP is working on a final draft integrating the interagency feedback. In August, ONDCP will lead the interagency coordination process, in conjunction with OMB, to produce a Final Report for submission to Congress.

SMALL BUSINESS ADMINISTRATION

- **SBA-USAID MOU:** On July 6, SBA and AID signed an agreement linking small business exporters with SBA programs and services and increasing federal support for U.S. small business trade opportunities for developing countries. Under the agreement, SBA will access AID's Global Technology Network, a database of international trade leads and U.S. companies that have shown interest in gaining overseas contracts with governments and foreign businesses.
- **SBA-NAACP MOU:** Administrator Alvarez will sign a MOU with the NAACP which will commit both organizations to work together to expand the agency's lending activities in new markets.
- **Disaster Loans:** Since the start of FY98, SBA has approved 23,314 new disaster loans for \$558.5 million, which resulted in \$537.4 million in obligated funds after cancellations, increases, and decreases. On July 10, SBA issued its first disaster assistance checks to victims of the FL fires.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **OH and WV Floods:** On July 7, Director Witt toured storm-damaged communities, visited with disaster victims, and met with federal, state, and local officials in OH and WV. Twenty-three counties in OH and six in WV are eligible for federal assistance due to the storms that hit the Ohio River Valley beginning June 24.

OFFICE OF PERSONNEL MANAGEMENT

- **Hispanics in the Federal Workforce:** On July 9-10, Director Lachance visited San Antonio, TX to advance efforts to recruit, retain, and advance Hispanics in the federal workforce in two public events (a meeting of the San Antonio Federal Executive Board and the TX Labor-Management Partnership Conference), a meeting with senior Hispanic Association of Colleges and Universities, and through media sessions, including an editorial board meeting with the local daily. She delivered the Partnership Conference keynote address at the Sheraton Four Points Hotel. While in San Antonio, she held an editorial board session with the *Express News*, radio interviews with local stations, and interviews with media.
- **Long Term Care Legislation:** On July 8, OPM met with House Civil Service Subcommittee staff to discuss Chairman Mica's draft long term care legislation. The draft bill directs OPM to administer a program through which employees and annuitants may obtain group or individual long term care insurance for themselves or certain other family members. OPM expressed serious concerns that the draft bill would not be

advantageous to Federal employees and stated that the Administration has been working on long term care proposals.

UNITED STATES INFORMATION AGENCY

- **Cyprus Polling:** With talks in Cyprus stalled, tension increased further following highly controversial visits of Greek and Turkish F-16 fighter jets to the island. USIA's first-ever survey in Cyprus, conducted May 20-June 12 before the recent dispute over the F-16s, shows that while there is some willingness to accept a federation or confederation and other compromises, few seem willing to accept all of the terms that would comprise a realistic settlement. Turkish Cypriots tend to think the best option for a settlement is partition of the island into two separate states (45 percent) and Greek Cypriots consider unification of the island with proportional representation the best option (68 percent). However, there are some on both sides (Turkish 57 percent, Greek 29 percent) who find a bizonal federation with equal power-sharing "acceptable."
- **South Africa Polling:** The races in South Africa are still far apart in judging the performance of the nation's de facto leader, Vice President Mbeki, and in their outlook for the nation's future. Seven-in-ten blacks, but only four-in-ten whites, approve of the Vice President's job performance. Similarly, most blacks (78 percent) but only 42 percent of whites express confidence for a "happy future" for all races in South Africa.
- **International Coverage of China Trip:** On July 4-6, overseas media coverage of your trip to China continued in a positive vein. With the exception of Taiwan, where observers judged that your articulation of the U.S.' so-called "three no's" policy regarding Taiwan had "seriously damaged" the island's "sovereignty," most other Asian commentators praised your trip. China's official media lauded the "constructive" aspects of the Sino-U.S. summit and concluded that the "candid exchanges" between you and Jiang demonstrated a "more mature" bilateral relationship. In Hong Kong, writers saw your stop there as a "vote of confidence" for the former British colony. The independent *Sing Pao Daily News* argued that your private meeting with Democratic Party leader Martin Lee demonstrated that "Washington takes the development of Hong Kong's democracy seriously." Tokyo's liberal *Mainichi* reiterated worries that the U.S.-Japan relationship was "declining" relative to the "new and improved Sino-U.S. relationship." A majority of pundits outside Asia continued to view the tour favorably. Papers in France, Spain and Israel called the visit "an undisputed diplomatic success." Italian papers said that trip had opened China to a "post-Communist era" and pointed out that "by using such enthusiastic adjectives to describe Jiang Zemin, Clinton probably tied down the Chinese leader more than he could have done with a written agreement."

SOCIAL SECURITY ADMINISTRATION

- **Coal Act:** On June 25, the Supreme Court ruled a provision of the Coal Act unconstitutional. The Court found that companies that left the coal business prior to 1974 could not be assigned liability for health insurance premiums for retired miners and their families. SSA's role under the Coal Act is to assign retired miners to companies where they were formerly employed based upon criteria in the Coal Act, thus triggering liability for the companies to pay health benefit premiums. The Court's decision will alter the process SSA follows in assigning liability for health benefits to coal companies. Nearly 100,000 people, retired miners and dependents of deceased miners, are covered under the Coal Act. More than 5,000 are directly affected by this decision.
- **Report on Union Activity:** Within the next week, SSA's OIG will release three reports that deal with labor relations issues at SSA. One of the three reports deals with an audit of the use of official time at SSA. The other two report on the OIG's views of SSA's evaluation of partnership and the OIG survey of managers and union representatives. SSA takes exception to the reports, specifically noting philosophical differences with OIG on how it views partnership and the relationship of partnership activities to the business of SSA. SSA believes that its partnership activities are directly related to many Agency successes. SSA agrees with most of the OIG's recommendations regarding official time-reporting practices and plans to use the information from the reports to continue to make progress in improving these practices.
- **La Raza:** On July 22, Commissioner Apfel will be in Philadelphia, PA where he will address the National Council of La Raza on the "Future of Social Security."

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
Michael McCurry
Katie McGinty
Minyon Moore
John Podesta
Bruce Reed
Craig Smith
Doug Sosnik
Gene Sperling
Larry Stein
Melanne Verveer

DEPARTMENT OF STATE

Japan: On July 4, Secretary Albright met with Prime Minister Hashimoto and Foreign Minister Obuchi in Tokyo to brief them on your visit to China, and to discuss the Japanese bank reforms. Hashimoto, although tired and distracted by the July 12 election campaign, was very interested in Secretary Albright's observations on China and prolonged the meeting. The Secretary's private and public reassurances that improved U.S.-China relations would not diminish the significance of the U.S.-Japan global partnership were well received by the leaders as well as the Japanese media. The Secretary welcomed the Japanese announcement of a financial sector reform package as a step in the right direction, but urged swift and concrete implementation as the key to restoring growth to the Japanese economy.

Kosovo: On July 8, Special Representative Gelbard attended the Bonn Contact Group (CG) political directors meeting. Ambassador Hill briefed the CG on Holbrooke's and his recent trip to Belgrade and Kosovo. Gelbard pressed the CG to endorse a "set of principles" laying out concessions that the international community would expect both sides to offer, including full autonomy, no unilateral change of permanent status at province or federal level, minority rights and full respect for OSCE principles. Gelbard moved the Russians incrementally toward recognizing that Milosevic needs to make more progress, that the UN Security Council needs to address the issue and that organizations such as NATO have a legitimate role to play in regional stability. Belgrade and Pristina remain far apart, with moderate Kosovar Albanians paralyzed by lack of influence with the Kosovo Liberation Army (UCK). On a positive note, the Charge from U.S. Embassy Belgrade and his Russian counterpart launched the first "Kosovo Observer Mission" survey of events on the ground; State and DoD are jointly deploying about 20 personnel in the next few months. This bolstered diplomatic presence will provide a better perspective on developments, test Milosevic's commitment to Yeltsin to allow unimpeded access to the West, and have a calming effect on local populations of all ethnic groups.

Russian Economic Crisis: This week brought sharp declines in Russian markets. The stock market is in a downward trend, and Russian one-year Treasury Bill yields exceed 100 percent. The Central Bank spent an estimated \$500-700 million in the last several days defending the ruble. Talks with the IMF on additional financing yielded agreement on principles, but further discussions will take place next week. The Embassy reports that the business community expects devaluation within days and that the planned return of the IMF team to Washington without a final agreement could be an additional blow to markets.

PLO Enhanced Status: UNGA voted 124-4 with 10 abstentions to grant the PLO Observer Mission enhanced status in the Assembly and the conferences which it organizes. The resolution raises the PLO's status above that of other observers, allowing it to co-sponsor resolutions on issues affecting it. But it does not give the mission the right to vote, introduce resolutions or propose candidates to UN bodies. The PLO delegation, will now sit in front of other observers but after non-member states on the floor of the Assembly. The key to the vote was the EU's willingness to negotiate a resolution with the Arab Group rather than push for a delay of the issue.

as it did last year. The Israeli government has criticized the resolution as a violation of the agreements it has reached with the Palestinians.

DEPARTMENT OF DEFENSE

Funeral for Captain Blassie: On July 11, Secretary Cohen and Air Force officials will participate in the full honors burial ceremony in St. Louis for the remains of Captain Blassie recently disinterred from the Tomb of the Unknown Soldier.

Poland: On July 11, Secretary Cohen will host Prime Minister Jerzy Buzek of Poland. Topics likely to be discussed include NATO accession, implementation of defense reforms and NATO Target Force Proposals, CFE adaptation, acquisition of fighter aircraft, and the NATO strategic concept.

THE WHITE HOUSE
WASHINGTON

July 11, 1998

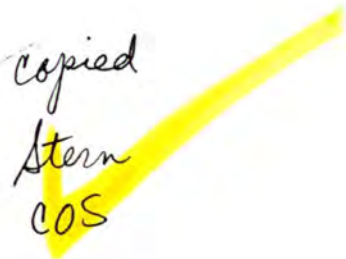
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'98 JUL 11 PM 2:50

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN 

SUBJECT: Climate Change Weekly Report


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Congressional

 *Appropriations.* The House was in recess. The Senate began deliberation on the VA-HUD appropriations bill, which sharply cuts funding for EPA energy efficiency programs (\$91 million below your request, though \$25 million above FY 98) and includes broad report language barring the use of funds to support activities "related to implementation of the Kyoto protocol." Senators Chafee, Bond and Byrd are working on colloquies that would seek to interpret the report language narrowly. The House is expected to take up their VA-HUD bill this coming week, including the highly objectionable Knollenberg language, which would, among other things, bar EPA and CEQ (and, arguably, the White House Climate Change Task Force) from "educational outreach or informational seminars" on climate change. We are working actively on a strategy to delete or nullify the Knollenberg language.

On another front, we have worked successfully with Senator Byrd to modify report language in the Senate Interior Appropriations bill, turning it into something we can live with.

 *Radio address.* Given the extreme nature of the Knollenberg language, and repeated, bogus attacks on our climate change activities and budget package as "back door" implementation of Kyoto, I think a hard hitting radio address might be in order. I envision a speech that would pivot off the extraordinary weather statistics and events of late and take to task those in Congress whose answer to this serious problem is to put a gag order on the Administration and prevent the public from hearing an open, honest discussion. People look to government for solutions, not know-nothing, head-in-the-sand rhetoric. Congress fiddles while Florida burns.

Document requests. We continue to be inundated with congressional document requests and interrogatories. We spent a great deal of time this week assisting the State Department in producing a 123-page set of answers to an enormous set of questions from Senator Hagel. Cong. McIntosh, meanwhile, has sent out dozens of documents requests plus three subpoenas. We are keeping track of basic statistics such as person-hours spent, pages produced, etc.

Domestic Policy

We held the first two meetings with senior industry executives this week: aluminum on July 8 and the public and cooperative power sectors on July 10. I chaired both meetings. Our basic

7-13-98

approach is to ask industries to agree to four basic objectives: (1) establish a capacity to measure emissions; (2) review their energy practices; (3) agree to an ambitious goal for reductions; (4) develop a concrete plan to get there. At the same time, we are inviting their input as to how the federal government can potentially help, through appropriate regulatory relief, cooperative R&D, the provision of credit for early action, etc. Both these meetings were quite constructive. They will need to be followed up with very active engagement on both sides. This coming Thursday (July 16) we are meeting with the steel industry.

Diplomatic

Your trip to China was terrific on the climate change front, demonstrating to both foreign and domestic audiences your commitment to this issue and to Chinese participation in a solution.

Communications

Last week we sent out an editorial memo to the top 250 national daily papers sharply criticizing the House VA-HUD climate language as a gag order and the budget cuts as short-sighted. Thus far, the *Seattle Post Intelligencer* and the *Atlanta Journal/Constitution* have editorialized on our side and the *Buffalo News* ran a favorable column, while the *Washington Times* ran a column praising the rider. There has also been news coverage of this story on the AP wire and in the *Boston Globe*, *LA Times*, and *Houston Chronicle*. In other climate news, the *Dallas Morning News* ran a piece entitled "Scorched Earth" saying that Texas cities saw 70 daily temperature records broken in June and that experts believe global warming is affecting the weather; the *Washington Post* reported on your global warming comments in Florida; and the *New York Times* and *US News* ran stories about the long-term potential for melting of the Antarctic ice sheet. The *Cincinnati Enquirer* and the *Fort Worth Star-Telegram* ran pieces questioning whether human activity has had any effect on temperature.

Science

There has been some press interest in the comments you made about the Chinese temperature records going back to 1400; McCurry got a question on this in his briefing Friday. To make sure we stay straight on the facts, I asked OSTP for an explanation of what we know. It follows:

The records showing that this century, particularly the 1990s, are very warm come from thermometers, ice cores, and tree rings.

Thermometers. Thermometer records date from about the late 1800's. These records show that globally, the five warmest years were 1997, 1995, 1990, 1991, and 1994. In addition, 1998 is the warmest January-June ever, exceeding 1997.

Proxy Records. Longer-term reconstructions of annual-average temperatures are made with "proxy" information, derived from tree rings, ice cores, etc., available back to about 1400. These

7-13-98

results are most complete for the Northern Hemisphere and show the twentieth century as being unusually warm compared to earlier centuries. (Ice cores give records for the planet back more than 200,000 years, but you can't derive year-by-year temperatures from them.)

The combination of the proxy and instrumental records indicate that there is a better than 95% chance that the 5 warmest years in the 1990's are also the warmest in the Northern Hemisphere since 1400. The fact that there have been so many warm years in the 1990s (and 1980s) is what leads climate scientists to conclude "there is a discernible human influence on the climate".

Chinese data. The 500-year record available from Chinese scientists is for only a limited part of the Northern Hemisphere and generally provides proxy climatic information such as length of the growing season, soil moisture, and precipitation that is interesting but cannot be used to get at estimates of global or Northern Hemisphere temperatures. These data do suggest, however, that climate change is occurring in this region.

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

THE WHITE HOUSE
WASHINGTON

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July 10, 1998

THE PRESIDENT
7-13-98

MEMORANDUM FOR THE PRESIDENT

FROM: LARRY STEIN *LS*
SUBJECT: LEGISLATIVE WEEKLY REPORT

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House of Representatives

The House will resume legislative business Tuesday, July 14, concluding the Fourth of July recess. The Leadership has indicated that the House will meet for five-day work weeks until the summer recess begins, Sunday, August 9.

1. **Child Custody/Abortion:** On Wednesday, July 15, the House is scheduled to consider H.R. 3682, the Child Custody Protection Act. The bill will prohibit transporting minors across State lines to avoid laws requiring the involvement of parents in obtaining abortions. In a June 17 letter, Erskine Bowles expressed the Administration's opposition to the measure, citing the bill's failure to exclude close family members from criminal and civil liability, as well as persons who provide information, counseling, and medical services to the minor.
2. **Iran Proliferation Sanctions:** Also Wednesday, the House is expected to consider your veto of H.R. 2709, the Iran Proliferation Sanctions Act. The measure passed (392-22) the House on June 9; the veto override is predicted to reflect the previous vote.
3. **Pakistan Agriculture Waiver:** The House is expected to consider the Senate-approved (98-0) measure allowing U.S. wheat farmers to export to Pakistan, despite the automatic sanctions imposed on that nation following their recent nuclear tests. The Administration supports the measure.
4. **Upcoming Appropriations:** The House is expected to consider the following appropriations bills this week:
 - ▶ **VA-HUD:** While the bill was under consideration before the full committee, senior advisers recommended you veto the VA-HUD bill due to, among other concerns, the termination of National Service. The Administration is preparing a position on the current bill.
 - ▶ **Interior:** Senior advisers recommended that you veto the full committee version of the Interior appropriations bill due to the underfunding of Energy Conservation, Everglades restoration and the millennium project, and the inclusion of damaging riders. The final Administration position on the current bill is pending.
 - ▶ **Treasury-Postal:** The Administration has a number of concerns about the bill, including: an expected move by the Leadership to strike funding for the Year 2000 computer

conversion in the rule; possible amendments on Exchange Stabilization Fund; objectionable language related to the staff director and general counsel of the FEC; and an amendment to limit contraceptive coverage for federal employees under FEHBP to only contraceptives that interfere with the implantation of a fertilized ovum.

5. **Campaign Finance Reform:** The House is expected to continue debate this week on H.R. 2183, the Bipartisan Campaign Integrity Act of 1997. The Republican Leadership has indicated that they will seek a unanimous consent agreement on Shays-Meehan, which is supported by the Administration, in an effort to limit time for debate on the numerous amendments.

United States Senate

1. **Higher Education Reauthorization bill (S. 1882):** The Senate passed (96-1) S. 1882, the Higher Education Reauthorization bill, sponsored by Senator Jeffords (R-VT), with only Senator Helms (R-NC) opposing. The legislation is now ready for conference. The bill adopts numerous Administration proposals including 1) the lowest student loan interest rate in two decades (although the bill still provides excessive taxpayer-financed lender profits); 2) improved teacher training and recruitment training programs; 3) expanded distance learning technologies; and, 4) improved incentives for college graduates to teach in high poverty school districts. During debate, the Senate defeated (39-58) an amendment sponsored by Senator Kennedy (D-MA) that would have established a pilot program to determine the feasibility of an auction based system for the private lender student loan market. The Senate passed (55-43) an amendment sponsored by Senator Wellstone (D-MN) that amends TANF to expand the treatment of vocational education as a "work" activity.
2. **IRS Conference Report (H.R. 2676):** The Senate passed (96-2) the IRS Conference Report, with two Democrats voting in opposition (Rockefeller, Wellstone). The House of Representatives passed the Conference report on June 25, 1998, clearing the bill for your signature. The legislation creates an independent oversight board with authority over the IRS, strengthens taxpayers' rights by shifting the burden of proof to the IRS in taxpayer disputes and reduces the liability of innocent spouses. The bill also reduces the holding period required to qualify for the lower long-term capital gains tax rate from 18 months to 12 months. The legislation would result in a \$12.9 billion revenue loss over 10 years which is offset by allowing senior citizens to transfer traditional individual retirement accounts to Roth IRAs after paying taxes on those savings.
3. **Farmer Export Relief Bill (S. 2282):** The Senate passed (98-0) the Farmer Export Relief bill sponsored by Senators McConnell (R-KY) and Biden (D-DE). The bill retroactively exempts finance and credit guarantees for agricultural commodities and adds medicine and fertilizers to the export exemption list.
4. **Product Liability Bill (S. 648):** The Senate failed (51-47) to invoke cloture on the substitute amendment to S. 648, the Product Liability bill, sponsored by Senator Gorton (R-WA), with two Republicans voting against cloture (Roth, Shelby).

5. **Resolution Affirming United States Commitments to Taiwan (S.Con.Res. 107):** The Senate passed (92-0) S.Con.Res. 107, a Resolution Affirming U.S. Commitments to Taiwan, sponsored by Senator Lott (R-MS). The resolution reaffirms a U.S. relationship with Taiwan, calls for a peaceful resolution of conflicts between China and Taiwan, expresses an opposition to a forcible Chinese takeover of Taiwan and calls for U.S. military support for Taiwan.
6. **Property Rights Implementation Act of 1998 (S. 2271):** On Thursday, Senator Lott filed cloture on the motion to proceed to S. 2271, Property Rights Implementation Act of 1998 ("Takings"). The bill would federalize local land use disputes by allowing takings claims to be brought directly in Federal court, circumventing state remedies and ripeness restrictions. The bill is strongly opposed by many Democrats and pro-environment Republicans. The White House will issue a SAP stating that the you will veto this legislation in its current form.

cc: Vice President
Erskine Bowles
John Podesta
Sylvia Mathews

'98 JUL 10 PM 7:00

THE WHITE HOUSE
WASHINGTON

July 10, 1998

THE PRESIDENT'S OFFICE

7-13-98

MEMORANDUM TO THE PRESIDENT

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

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Message Amplification

Each of your message events this week furthered your challenge to legislators to make the remaining days of the congressional session a "season of progress."

To amplify this message, we worked closely with the Press Office, OPL, and IGA to disseminate talking points and background material to our networks, constituencies, governors, mayors, key state and local officials, and agencies. In addition, information about each event was posted on the web site.

- **Medicare/Health Care.** We distributed talking points, Executive Memorandum and your remarks to our list, health care groups, and the agencies.
- **Gun Safety.** The testimonial of Jonesboro mother Suzann Wilson underscored a strong Administration message about access to guns and parental responsibility, while laying the groundwork for your position on school safety.
- **Youth Anti-Drug Campaign.** Coverage of your anti-drug media campaign was downloaded to 200 satellite sites. On Tuesday night the campaign will debut in the top 75 media markets across the country, reaching an estimated 40 million viewers.
- **Radio Address.** Saturday's live radio address will highlight grants to 150 cities. We are working with regional press to ensure wide coverage this weekend. Suggested op-eds and letters to the editor are being distributed to mayors to amplify the message throughout the week.

Next Week's Message Events

Next week's message events emphasize preparing for the future. They include:

- **The Treasures Event**, a portion of which will be carried live by CBS;
- **A Y2K event** with corporate, small business, labor union, and trade association participation. This event will highlight progress to date, a package of existing tools for compliance, and a challenge to comply;
- **The Patients Bill of Rights**: To maximize public attention we have placed two events. Wednesday's round table with real people, followed by Thursday's event with Democratic leadership on the hill.

Web Site

- The China trip web site was a huge success, with over 267,000 hits. This is particularly impressive because we did not advertise the site at the beginning in case other means of communicating your speeches were blocked in China.
- In support of the First Lady's *Save America's Treasures Tour*, the White House web team has developed a site to follow her during the trip. The site includes detailed information and photographs of each of the historic sites she will be visiting, as well as photos of the First lady on the trip itself.

Race

- **Conversation with Lehrer.** The NewsHour with Jim Lehrer called to say again how pleased they were with the program. They are getting very strong positive response. They should have numbers by next week (some stations, including New York, are showing the program this weekend). Their e-mails and other recorded responses are high, including "many people" calling to order the video.

They are now asking if you would answer four follow-up questions. They would choose the questions from their e-mail; we would be asked to respond in about a week.

Women's Issues

- Ann is leading the first meeting of your Commission on the Celebration of Women in American History at the Canandaigua Courthouse in Rochester, New York where Susan B. Anthony was tried and convicted for voting.

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THE WHITE HOUSE
WASHINGTON

July 10, 1998

7-13-98

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

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CRIME/DRUGS: This week's announcements on adolescent gun violence and the youth anti-drug media campaign were well covered on the morning shows and the nightly news.

The study and announcement of drug court grants, to be released in the radio address Saturday, will continue to push the President's agenda and highlight the President's efforts to protect children from guns and drugs.

In the scheduling meeting we decided to postpone the faith-based grants to key cities. The policy, which originated from the President's interest in encouraging religious organizations as an alternative to gangs for young adults, is supported by both the left and the right. It also enables the President to criticize the GOP for their failure to pass juvenile crime legislation.

In light of this week's residence meeting, I plan to ask ATF and Justice for new juvenile gun initiatives. It is clear we can make this a major issue in the fall elections.

HEALTH CARE: The two health care announcements this week went very well. The *USA Today* editorial page wrote a very favorable piece on our Kennedy-Kassenbaum enforcement directive. We now need to stay on top of OPM and HCFA to ensure the proper follow-up.

I have asked Chris Jennings to produce a memo outlying a number of policy initiatives concerning patients' rights. These announcements encompass the implementation of the patient bill of rights as it directly affects different federal health care operations. The first initiative we have prepared concerns Veterans and remedies.

In addition to patients' rights, Chris has a very good policy announcement on nursing homes. The last couple of weeks we have made a concerted effort to focus on the elderly. Hopefully, we will see some political results from this effort. We do, however, fall short in the area of Medicare fraud and in devising new ways to repeat the President's pledge of "social security first". We must be more aggressive and creative in finding new policies that are attractive to seniors.

7-13-98

A final political comment, seniors and soccer moms are two very important constituencies for Democrats in 1998 and our health care and adolescent gun violence initiatives should be helpful here.

CAMPAIGN FINANCE: The FEC has proceeded to issue a rule for comment on the President's soft money ban. There is some confusion as to whether it will actually pass, but it is farther along than anyone expected. I have asked Michael Waldman to draft a letter from the President to the FEC encouraging them to take the last step and ban soft money.

ECONOMY: The NEC has produced a list of policy announcements for the President to announce. Beyond the GDP and the unemployment report, I think the President must do more to identify himself with the economy. Speeches on the subject are not enough, he needs new initiatives that have an edge.

TOBACCO: Bruce scheduled a meeting for Monday on the Medicare and tobacco law suits. By Wednesday we need to know what we are doing if anything. Too many people know about the idea, it is only a matter of time before it leaks with Justice killing the idea.



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

7-13-98
98 JUL 10 PM 3:56

July 10, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: KERRI-ANN JONES *K.A. Jones*
CC: ERSKINE BOWLES
SUBJECT: OSTP WEEKLY REPORT

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PROGRESS ON OSTP NOMINEES

The Senate Committee on Commerce, Science, and Transportation voted July 9 to approve your two nominees for OSTP positions: Neal Lane, for Director; and Rosina Bierbaum, for Associate Director for Environment. We hope for a quick vote by the full Senate.

SENATOR WYDEN SEEKS MORE SUPPORT FOR CARBON SEQUESTRATION

try to work on this
Neal Lane and Rosina Bierbaum met with Senator Ron Wyden (D-OR) on Wednesday in a pre-confirmation vote discussion of your Climate Change Technology Initiative. The Senator is combining his interest in the environment with the enormous forest resources native to his home state. The Senator has written you two letters on the topic of carbon sequestration, the latest co-signed by 12 Senators. In the July 8 discussions, Lane and Bierbaum pointed out how biomass technology development, ongoing work in forest management, and research on carbon sequestration in the U.S. Global Change Research Program are relevant to his concerns. In all, your FY99 budget would provide a \$50 million increase in these areas. The Administration has previously responded to the Senator that forest sequestration and related technology pilot projects should be conducted. The Senator suggested that he would help such an effort by helping to bridge the gap between the environmental community and industry.

EL NIÑO THREATENS TO INCREASE INCIDENCE OF HANTAVIRUS

Heavy rainfall and a mild winter associated with El Niño have drastically increased vegetation in the South West, which has allowed rodent populations to flourish, including that of the hantavirus carrier: the deer mouse. Deer mice populations are up as much as 20 fold in some places, and researchers are predicting an associated increase in hantavirus incidence. A recent Centers for Disease Control and Prevention (CDC) report detailed the well established link between El Niño conditions and increasing mice population, and just last Thursday (June 26) the *New York Times* reported an apparent increase in hantavirus cases. *USA Today* followed with a three-day special on the same topic, profiling the 1993 outbreak (which occurred for similar reasons after the 1991-92 El Niño). So far this Summer hantavirus -- a newly emergent hemorrhagic fever -- has claimed three victims, and several other non-fatal cases have occurred.

7-13-98

Although these cases do not yet indicate a dramatic increase, hantavirus incidence could double or triple by the end of summer. CDC officials speculate that public education and outreach efforts have helped mitigate what would have already been a serious outbreak by arming the public with knowledge of how hantavirus is transmitted.

HEADLINES ON NIH PRIORITY-SETTING MISLEADING

On July 8, the Institute of Medicine (IOM) released a congressionally mandated report on the NIH research priority-setting process. News accounts imply that the report was critical of NIH's process when, in fact, the IOM panel endorsed the five criteria NIH uses to set its overall priorities: 1) public health needs; 2) scientific quality of the research; 3) potential for scientific progress; 4) portfolio diversity; and 5) support of people and research infrastructure. The IOM panel did recommend that NIH improve its capacity to systematically assess the burden of illness and to compare burden of illness with research spending by disease. IOM noted, for instance, that over 100,000 people die each year from chronic obstructive pulmonary disease (COPD) and NIH research spending on COPD is about \$600 per death; on the other hand, close to 33,000 people die each year from AIDS, while NIH spends approximately \$43,000 per death. Finally the panel recommended that NIH obtain more input from the public on spending priorities and do a better job of explaining how it determines spending priorities.

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THE WHITE HOUSE
WASHINGTON

July 10, 1998

MEMORANDUM FOR THE PRESIDENT

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

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COS

Inflation-Protected Savings Bonds: On Wednesday (7/8), the Vice President, Secretary Rubin, and Deputy Secretary Summers announced the first issuance of inflation-protected savings bonds and that eight distinguished Americans -- Helen Keller, Dr. Hector Garcia, Dr. Martin Luther King, Jr., Chief Joseph, Gen. George C. Marshall, Albert Einstein, Marian Anderson, and Spark Matsunaga -- would appear on the bonds. As you may recall, you announced in September, 1996 that Treasury would begin offering these type of bonds this year. Inflation-protected savings bonds are considered to be good investments for those people who want a fixed, secure rate of return because (1) they protect investors from inflation; (2) they are exempt from state and local income taxes; (3) federal taxes can be deferred until the bond is redeemed or stops earning interest at 30 years; and (4) all or part of the interest earned may be tax exempt if used for college tuition and fees at eligible post-secondary educational institutions. You should know that the *New York Times*, *Wall Street Journal*, *Associated Press*, CNN, and CBS News all ran positive stories on the Vice President's announcement.

IRS Reform: As you know, the Senate passed the IRS Reform bill Thursday (7/9) by a vote of 96-2. We put out a statement from you -- which led to a front-page headline in the *USA Today* -- in strong support of the bill and expressing your eagerness to sign it. We are preparing for a signing ceremony for later this month, depending on when Congress sends us the bill.

Budget Resolution-Reconciliation: The Republicans have still not agreed to a budget resolution. While still very fluid, the likely scenario at this point appears to be for them to pass a bare bones budget resolution before the August recess that would instruct the tax committees to pass a deficit neutral tax cut. The tax committees would then have the option of financing the tax cut through entitlement cuts, some corporate tax raisers, or by spending the surplus. While the Senate may live up to that instruction for a modest tax cut we expect that the House may call for a larger tax cut that seeks to hide the fact that it spends the surplus with gimmicks and dynamic scoring. To prepare for the upcoming debate, we are working on several fronts. First, working with Public Liaison, Jack Lew, Larry Stein, and I are going to brief a wide range of outside groups next Friday (7/17) to deliver a strong message that priority programs (e.g., Medicaid, EITC) are at risk as Republican scramble to pay for a tax cut. Second, in preparation for your lunch Monday with Leaders Daschle and Gephardt, we are developing illustrative tax cut packages that House and Senate Democrats could offer in the fall as part of our strategy against the Republican tax cut.

Higher Education Act Reauthorization: On Thursday night (7/9), the Senate passed its version of the Higher Education Act reauthorization by a vote of 96-1. You should know that there are budget and policy issues that still need to be worked out; for example, it is still not paid for under OMB scoring, and cuts into some funding needed for running the student aid programs. However, you issued a statement in which you generally praised the bill because of the number of significant successes:

✓ **\$11 billion in interest-rate savings for students.** Both the House and the Senate adopt the student rate proposed by the Vice President in February. The bill, though, still includes a subsidy for lenders that we do not support, and which is not fully paid for under OMB scoring.

✓ **Incorporating elements of the High Hopes proposal.** While a few changes are still needed, the bill moves a long way toward establishing a High Hopes effort and we expect differences between the House and the Senate bills to be worked out in conference (the House bill includes the Administration program as proposed).

✓ **Promoting high-quality distance learning.** The Senate bill authorizes the Learning Anytime Anywhere program you proposed to support distance learning pilot projects. The bill also provides the Secretary of Education some authority to expand student-aid eligibility at degree-granting institutions that offer on-line courses.

✓ **Improving teacher recruitment and training.** The Senate bill incorporates the Administration's "Recruiting New Teachers for Underserved Areas" proposal and many components of the "Lighthouse Partnership for Teacher Preparation" proposal.

✓ **Creating the government's first-ever performance-based organization (PBO).** Adopting a concept developed by the Reinventing Government effort, a PBO would be created within the Education Department for the delivery of student aid. A Chief Operating Officer will be hired and held accountable for results in the administration of the programs (the hiring process for a COO is already well under way).

✓ **Other Notable Provisions.** Other provisions in the bill, which we have not had enough time to fully analyze and take a position on, include: (1) a Wellstone amendment to allow college attendance to count as work for up to two years under welfare reform (opponents argue that this provision opens a large loophole, threatening the success of welfare reform); (2) a Bingaman amendment to require States to pay greater attention to the quality of teacher training programs in their States; (3) a Feinstein amendment to allow Pell Grants -- which are now limited to undergraduates -- to be used for one year of post-baccalaureate education for teacher training programs; and (4) other provisions to address alcohol abuse on campus, combat violence against women, require states to provide voter registration forms for college students, and create a student loan ombudsman at the Education Department.

Technology for Americans with Disabilities: The NEC staff has created a working group to develop policies that would increase the availability of information technology that is usable by persons with disabilities. For example, "text-to-speech" technology can help people who are blind and speech recognition technology can help people who are unable to use a keyboard.

Product Liability: As you know, the Republicans declared the product liability bill "dead" this week, after a cloture petition was defeated in a party-line vote on Thursday (7/9). Even ardent bill supporters like Senators Rockefeller and Dodd voted against cloture, when the vote became entangled in a Democratic effort to force Senator Lott to allow a vote on the Patients' Bill of Rights as an amendment to this or some other measure. Republicans blamed Democratic loyalty to the trial lawyers; Democrats blamed Republican unwillingness to allow votes on the Patients Bill of Rights and an exemption from the bill for gun manufacturers that the NRA opposed. Senator Daschle also blamed Senator Lott for slipping in the Baxter amendment to help his constituent, while blocking consideration of other amendments. Senator Rockefeller's staff think that the bill still might be brought back to the floor if time agreements are reached on other key Democratic agenda items. You should know that, we told Senator Lott that we would not veto the bill over his amendment--as it was part of the Biomaterials title and not the core Product Liability bill. Press reports say the leadership expects to move the biomaterials title separately, but since the Baxter amendment involved that title, others doubt Lott will want to draw attention to the issue again.

Bankruptcy: Larry Stein and I are scheduled to meet with Senators Durbin and Grassley on Monday (7/13) to discuss the Administration's bankruptcy reform proposal and how to ensure that the Senate bill is not moved closer to the House version during Senate floor consideration, tentatively scheduled for the week of July 20-24. Preliminary reaction to our proposal from staff has been favorable, with a number of Democrats eager to advance the proposal and Senator Grassley's office liking a number of pieces and finding the package constructive.

Credit Unions: The Credit Unions will be holding a rally on Capitol Hill with key supporters in Congress on Tuesday (7/14) in advance of Senate floor consideration of the credit union bill on Friday (7/17) and Monday (7/20). It remains unclear whether a floor fight will ensue on Senator Shelby's proposal to exempt small banks (80% of all banks) from CRA. It is widely believed that you would not hesitate to veto the credit union bill, if the CRA "poison pill" were included. Senator D'Amato (who has thus far successfully blocked the CRA amendment) has asked us not to issue a veto threat unless necessary on the eve of the vote, as it might further inflame partisan tensions in the Senate and make defeat of the CRA amendment more difficult, not less. Another amendment on Federal Home Loan Bank legislation, supported by Senator Hegel and Federal Housing Finance Board Chairman Bruce Morrison, but opposed by the Treasury Department, may also be contentious, although is not a veto issue.

H-1B Visas: Discussions on H-1B legislation continue among Republicans in the House and Senate and between Republicans and the business community. Reports indicate that they may be close to reaching an agreement that would not satisfy our stated concerns that any raising of the H-1B cap be accompanied by new funds for training and adequate protections for American workers. Following the discussion you and I had and some subsequent NEC meetings, we have decided to have tough, private discussions to raise the veto possibility if adequate training and protections for U.S. workers are not provided. If this is not effective, we may want to issue a public veto threat.

G.I. Bill: Progress continues on the conference on the G.I. Bill; Senate and House members are planning to meet next Thursday to begin wrapping up the final issues. We continue to be cautiously optimistic that we will have a bill before the end of the summer. You should know that Senator Abraham has threatened to hold up the bill if the Administration does not respond to Governor Engler's desire to privatize Michigan's employment service. The Michigan issue is an extremely delicate situation and we will continue to work with the Labor Department to craft a suitable compromise as quickly as possible.

Reverend Jackson's Trillion Dollar Roundtable: Next Wednesday (7/15), I will be traveling to New York for Reverend Jackson's Trillion Dollar Roundtable event. The overall purpose of the Trillion Dollar Roundtable effort is to recruit CEOs for the mission of increasing the flow of capital, particularly equity capital, to underserved areas and groups. The NEC, Treasury, SBA, OMB and other agencies have been meeting with Reverend Jackson and others active in his effort for the past several weeks to discuss how the Administration can support the undertaking. We have also met internally to explore potential new proposals, but we have explained to the Reverend that we will not be ready to make any announcements of new policy on July 15, and that such an announcement could in any event impede our attempts to secure funding for our FY99 community empowerment budget proposals. We did, however, agree to continue meeting with him and his group through the fall as part of an overall effort to explore new ideas that could be announced in the next budget cycle. We also agreed to do a video hook-up between the Reverend and the Vice President--since the Vice President's Empowerment Zone conference is the same day--which Reverend Jackson was very pleased with.

The Trillion Dollar event seems likely to consist of a number of panels on aspects of this issue (e.g., current government programs that channel capital to disadvantaged areas, private venture capital vehicles that could accomplish this goal, new ideas for government action). Rep. Gephardt, Sen. Rockefeller, Frank Raines of Fannie Mae, Leland Brendsel of Freddie Mac, Jack Smith of GM, Hugh McColl of NationsBank are expected to participate in panels. Sandy Weill of Travelers may co-open the event with Rev. Jackson. I may be participating in the "new government ideas" panel. If so, I will take the opportunity to describe the relevant new initiatives in your FY 99 budget.

Japan: On Thursday, I held an NEC principals meeting to discuss strategy for getting the Japanese to take additional action on the economy in preparation for the Japan state visit. Your advisors -- Sandy Berger, Madeleine Albright, and Erskine Bowles, Bob Rubin, myself and others -- expressed concern that this weekend's election could weaken Hashimoto's ability to take action and thus we agreed that you should send a letter to Hashimoto expressing the importance of taking action on fiscal and financial elements immediately following the election in order to set the stage for a successful U.S.-Japan Summit. This message will also be reinforced by Fed Chairman Greenspan who will be in Tokyo this weekend.

THE WHITE HOUSE

WASHINGTON

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July 10, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

RE: DPC Weekly Report

THE PRESIDENT'S OFFICE

7-13-98

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1. **Tobacco -- State Attorneys General:** Next week, the state attorneys general will meet to consider a possible new agreement between the states and the tobacco industry. The industry is interested in a new "state-only" deal that would give the states the \$200 billion over 25 years they negotiated last year in return for settling the state cases. No federal or state legislation would be required. The deal would produce a price increase of 30-35 cents per pack, but would not say anything about FDA authority, farmers, lookback surcharges, or federal investments in research, counteradvertising, cessation and so on (although states would have substantial funds to invest in counteradvertising, tobacco education and prevention, etc.). The industry would agree to the advertising restrictions from the Minnesota settlement (no billboards, no promotional products, no film placements). Apart from settling the state cases, the industry would receive none of the liability protections of the June 20th agreement.

If such a deal materializes, we believe we should 1) embrace it, and try to bring the attorneys general to the White House to announce it; and 2) challenge Congress to finish the job by passing a streamlined bill that includes a smaller (e.g. 50-cent) tax increase to pay for targeted tax cuts (marriage penalty, long-term care), along with FDA authority, counteradvertising, and lookback surcharges. We'll still need to figure out what to do about farmers (paid for by the industry) and whether we can persuade the states to use a portion of their settlement for tobacco control, children's health, and/or child care. The state-only deal may take some pressure off Hill Republicans on tobacco (although it's not clear they were feeling much pressure anyway). But they remain under intense pressure to find revenue for a tax cut, and they can hardly sustain the argument that it's better to use Social Security and the surplus than tax tobacco.

2. **Tobacco -- House and Senate Legislative Activity:** When the House returns from recess, we can expect Rep. Pryce to unveil the Republican Leadership's tobacco legislation. Although we have not yet seen the legislative language, we are preparing to say that it will not save lives because it lacks a significant price increase and contains weak advertising restrictions (OMB and Treasury are preparing draft estimates based on likely scenarios). In addition, Representative Waxman is planning an event to highlight that members of the Republican House Leadership have taken hundreds of rides in recent years on tobacco industry corporate jets, paying only commercial fares for trips worth tens of thousands of dollars.

7-13-98

In the Senate, Senators Conrad and Kerry are approaching Domenici and Gorton about a streamlined bill that would settle the state cases in return for a 75-cent price increase (with another 50-cent increase in five years if teen smoking is not cut in half), FDA authority, warning labels, and other public health provisions, but no new federal programs. Three-quarters of the money would go to the states, which would have to spend one-third on tobacco control and one-third on our menu, with one-third unrestricted. The rest of the money would go for a marriage penalty tax cut. The industry would be required to pay for Ford's tobacco farmer program over the next ten years. Domenici does not seem very interested in a comprehensive bill, even at 75 cents, and Gorton raised concerns about the FDA authority and the proposal's lack of attorneys' fees limitation (a state-only settlement would diminish Gorton's interest as well)

3. **Tobacco -- Executive Memoranda on Industry Documents:** On Friday, July 17, in your remarks to Girls Nation, you will announce two directives to make tobacco industry documents far more accessible to the public. The first directive will require HHS to develop a plan for a user-friendly database and/or index of the documents and make them widely available. The second directive will instruct DOJ to file a brief to support the State of Minnesota's effort to make public an industry-created index to their documents. The release of this index would provide the public with a critical roadmap to industry documents and may identify documents that have not yet been produced.

4. **Tobacco -- Study on African Americans and Nicotine:** On Tuesday, the Journal of the American Medical Association published a study revealing that African American smokers have higher levels of metabolized nicotine than whites or Mexican Americans. This is true even though African Americans smoke fewer cigarettes per day than white smokers. This finding may help explain why African American smokers have more difficulty in quitting smoking, and are at higher risk of developing and dying from lung cancer than whites, and will prompt more research in this area.

5. **Education -- Charter Schools:** The Education Department is completing its second year evaluation of charter schools, as well as a guide to help chartering agencies (e.g., state and local school boards) do a better job selecting charter schools and holding them accountable. We will package these reports together for you to release, perhaps at an AFT/NEA event on July 29. The Senate Labor and Human Resources is expected to mark up a charter schools bill on July 22. The bill strengthens incentives for states to promote charter schools, and provides greater flexibility for charter schools while demanding increased accountability. There is growing resistance from the education community to passing a charter schools bill this session, and growing pressure on Democrats to drag their feet on the bill. We continue to support the committee in its efforts, and believe the bill will ultimately be reported out of committee.

6. Education -- Bilingual Ed: The Education Department has completed work on its bill to overhaul bilingual education, and it is ready for transmittal if and when needed. Next week, we will begin consultations with House Democrats, seeking their views on whether an alternative to Riggs is needed, and sharing with them the approach in our bill. In addition, we are working closely with the Education Department and other agencies to make sure we have a robust package of steps you can take or propose, in addition to changes in the bilingual education program, that will actually make it possible for students to succeed in learning English. These steps include strengthening Head Start to better prepare LEP students for school, forming partnerships to help school districts recruit and train qualified teachers, and using technology to train teachers of LEP students and help students acquire English skills. We anticipate completing work on the entire package within the next 2 weeks.

7. Health Care -- Patients' Bill of Rights Update: Next week, we are planning two events to increase your visibility on the patients' bill of rights legislation. The first is a roundtable with physicians and patients who have had bad experiences with managed care plans, such as being denied access to a specialists, that would have benefited from a patients' bill of rights. We are currently working with the American Medical Association to see if they would be willing to host this event. The second event could be with the Democrats on the Hill. It may also be possible to highlight Congressional Budget Office estimates of the Dingell-Kennedy-Ganske legislation, which we expect will project premiums to increase by about 4 percent for the average employee, which amounts to about \$7 a month (a cost that will be split between employers and employees). We are also looking to see if we could unveil a new Families USA report that highlights what states are doing in this area. On the Hill, the Senate Republicans are working on their patients' rights bill. We expect that their legislation will contain many, but not all of the patients' protections, including some type of modest enforcement provision.

8. Health Care -- 25th State Approved for Children's Health Insurance Program (CHIP): Next week, HHS is planning to approve Utah and Maryland, which will represent the 24th and 25th states for CHIP. Taken together, these 25 state proposals will provide health care coverage for more than 2 million uninsured children. We should highlight this, possibly through a public event with these Governors, both of whom have expressed interest in participating. If you are not available, we may want to consider having the Vice President do this event.

9. Children and Families -- Well-Being Report: Next Wednesday, the Federal Interagency Forum on Children and Family Statistics will release its second annual report, *America's Children: Key Indicators of Well-Being*, which you called for in 1997 by Executive Order. The report compiles regularly measured and representative Federal Government statistics on children. This year's report will show positive trends in the overall condition of the nation's children, including decreases in childhood mortality (with infant mortality at an historic low); increases in childhood immunization; dramatic decreases in the number of children with high blood lead levels; lower teen birth rates; and higher college graduation rates. The report will also point to high levels of cigarette smoking, alcohol consumption, and drug use among children; high numbers of children without health insurance (10.6 million in 1996, up from 9.8 million in

7-13-98

1995); an increase in low-birth-weight babies; and no significant change in the number of children in poverty (about 20 percent). We will try to time the CHIP approvals to coincide with this data, and the First Lady will highlight the findings in her weekly column the following week.

10. Welfare Reform -- Child Support Penalties Bill Coming to You for Signature:

With our strong support, the House and Senate have passed legislation that makes a number of positive changes to child support law. The bill creates more sensible penalties for states that fail to meet the 1988 Family Support Act's requirement to establish state-wide child support computer systems. Instead of the current draconian penalty of withholding all federal child support funds -- a penalty unlikely ever to be imposed -- it puts in place smaller, automatic, and escalating penalties, ranging from 4% of funds for the first year to 30% for the fifth year that a state fails to implement such a system. A dozen states may face penalties. The largest is California, which is still years away from having a functioning system. Los Angeles County unsuccessfully sought an exemption from its portion of California's penalty on the grounds that its system has performed well even if the state has not, but Republicans opposed it.

The bill provides a new formula, proposed by an Administration-led working group, for distributing child support incentive funds based on states' performance on a number of key child support goals, such as paternities, child support orders, and collections, rather than simply cost effectiveness as under current law. It will also make it easier for states to establish medical support orders in cases where the non-custodial parent has private health insurance, by putting in place a process to create a medical support order form that all companies will recognize.

While the bill is a good one, we have not pushed for an event in connection with the signing because it could serve to emphasize how long it has taken some states to comply with the 1988 law requiring state-wide computer systems, and because the press may choose to stress the fact that the bill significantly reduces penalties for those states that have not yet put them into place.

7-13-98

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

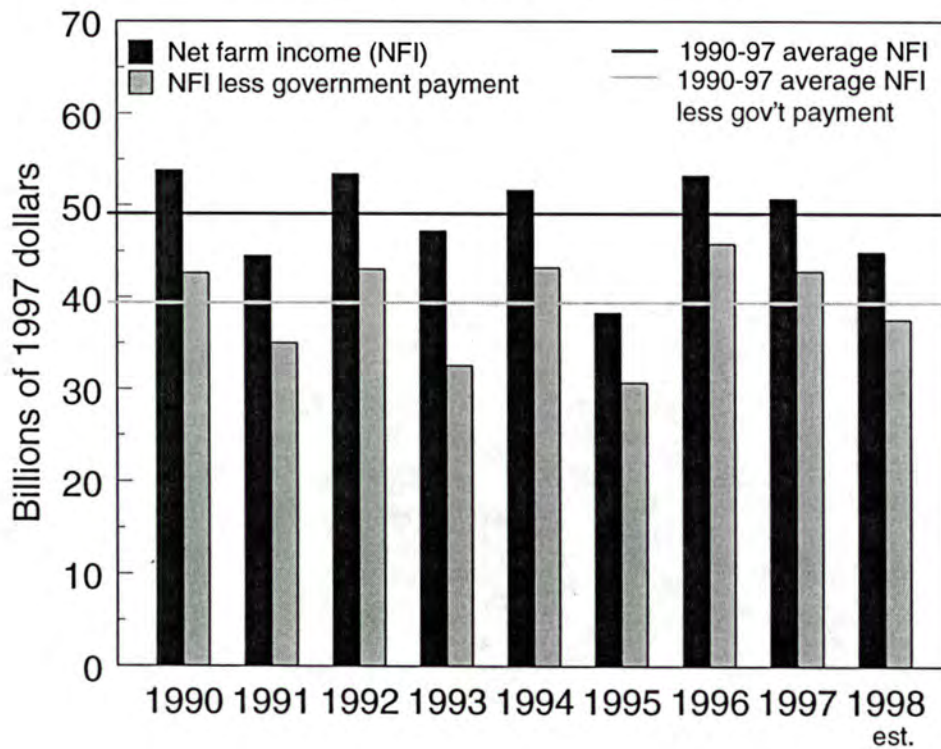
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

July 10, 1998

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CHART OF THE WEEK

Net Farm Income in the 1990s



The last 2 years were good ones for farmers, with both strong prices and large fixed support payments from the 1996 Farm Act. The latest USDA projections suggest that 1998 will not be so strong a year—though it should be within the range experienced in this decade. Some regions, particularly the upper Great Plains, are likely to experience more severe distress.

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CONTENTS

7-13-98

CURRENT DEVELOPMENT

Are Bank Lending Standards Too Lax?	1
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SPECIAL ANALYSES

Living Arrangements of Elderly Widows	2
Foreign-Born Women in the U.S. Labor Market	3

ARTICLE

Time As Money: A Perspective on Productivity	5
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DEPARTMENTS

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



CURRENT DEVELOPMENT

Are Bank Lending Standards Too Lax?

Financial imbalances sometimes presage the end of expansions. As a precaution against the emergence of such imbalances, the Federal Reserve recently told bank examiners that this is a critical time for banks to maintain lending discipline.



Background. Aggregate statistics for the banking industry show problem business loans to be at historically favorable levels. Both delinquency rates and charge-off rates are low (see chart). Nevertheless, the Fed has been hearing complaints from both industry and supervisory officials that lending terms and standards have become too lax.

Because its normal supervisory process was not indicating any unusual amount of underwriting weakness, the Fed conducted a special intensive study of domestic commercial and industrial loans. This study verified that competition appeared to be encouraging banks to offer more favorable loan pricing, longer maturities, and other favorable loan conditions. However, these tendencies towards easing lending standards were mostly offset by improved (current) financial performance among many borrowers. On balance, the examiners found no evidence of significant deterioration in the credit quality of loans made in 1997 compared with those made in 1995.

Why the warning? The Fed's concern is that banks are not sufficiently forward-looking in their loan assessments. In particular, the current strength of the economy has contributed to the strong cash flow and solid balance sheets presented by borrowers. Without adequate attention to what might happen under more adverse circumstances, lending could become too risky. In other words, the Fed does not see a major problem now but worries that many of today's loans could become problems if the economy were to weaken.

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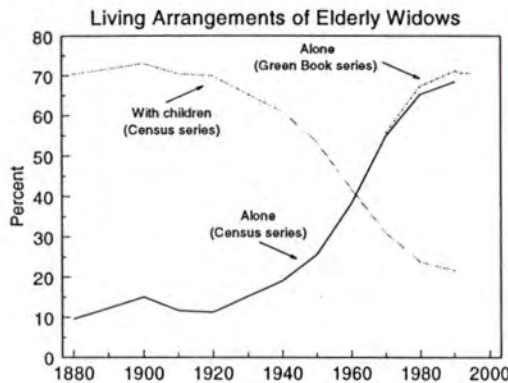
SPECIAL ANALYSIS

Living Arrangements of Elderly Widows

Today 79 percent of unmarried elderly women are widows. Surveys indicate that a majority of elderly widows would prefer to live alone rather than move in with their children, and a recent study shows that the proportion of elderly widows living by themselves has increased dramatically over the past century. The main cause has been improvements in economic status. Nevertheless, the poverty rate of elderly widows remains substantially higher than that of elderly persons in general.

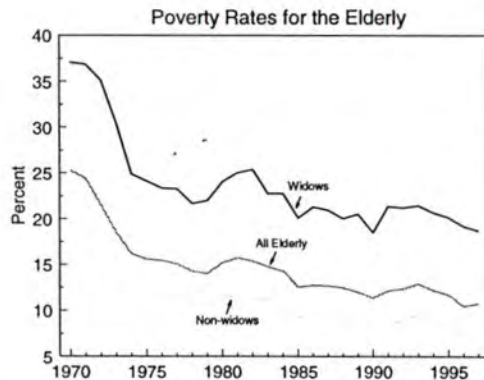
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Trends. The share of (noninstitutionalized) elderly widows living alone stayed roughly constant at a low level (10 to 15 percent) for several decades prior to the



enactment of Social Security in 1935 (see upper chart). But between 1940 and 1980, the share living alone increased sharply, while the share living with adult children fell. By 1980, 65 percent were living by themselves, and only 24 percent shared a home with their children. This strong upward trend ended in 1980, and living arrangements in 1995 were fairly similar to those in 1980.

What caused the change? The study found that rising economic status, primarily due to greater coverage and higher benefits from Social Security, accounted for 62 percent of the increase in the share of elderly widows living alone between 1940 and 1990. About 9 percent of the change was explained by a decline in the number of children available for widows to move in with.



Poverty status. Widows, like elderly people generally, have seen their poverty rate decline substantially over the past three decades (the longest period for which consistent data are available). However, the poverty rate for widows (who account for 27 percent of all elderly persons) was a relatively high 19 percent in 1997—more than twice the rate for all other elderly persons (see lower chart).

Implications. The primary source of income for most widows is Social Security. In 1990, two-thirds of widows derived at least half their total income from Social Security benefits. Thus, Social Security reform, including changes in survivor's benefits, will be particularly important for this population.

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SPECIAL ANALYSIS

Foreign-Born Women in the U.S. Labor Market

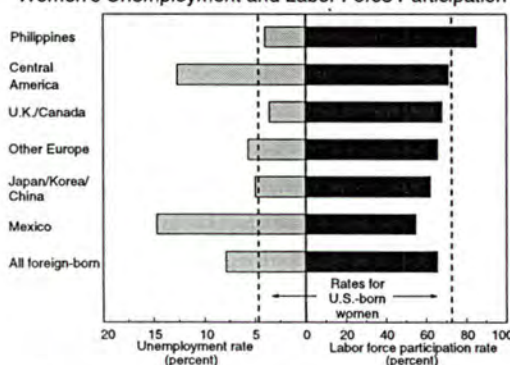
Several studies have examined the labor market performance of male immigrants, but almost half of all immigrant workers are women. A recent study that does look at women found substantial differences in labor force participation, unemployment, and wages among immigrants born in different countries. These differences are highly correlated with disparities in education among immigrant groups.

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Immigration trends. The share of the population that is foreign-born rose from 4.8 percent in 1970 to 9.7 percent in 1997. At the same time, the importance of different countries as sources of immigrants has been changing. Whereas 31 percent of U.S. immigrants were from Europe in 1970, the share from Europe fell to 18 percent by 1995, with 37 percent coming from Asia and 12 percent from Mexico.

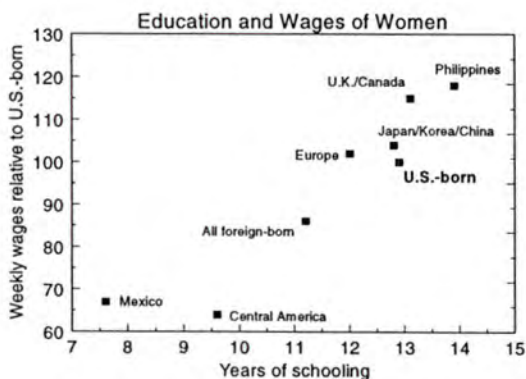
Women's labor force participation and unemployment. In 1990, 66 percent of working-aged (25 to 60-year old) female immigrants participated in the labor force, compared with 73 percent for U.S.-born women (see upper chart). Unemployment

Women's Unemployment and Labor Force Participation



was more common among foreign-born women. Their unemployment rate was 7.9 percent, compared with 4.8 percent for U.S.-born women. (These estimates are from the 1990 census; more recent surveys do not provide large enough samples for accurate estimation.)

Although foreign-born women as a whole have relatively high unemployment rates, immigrants from some countries do very well. As shown in the chart, most groups' labor force participation rates are very similar to that of U.S.-born women, and their unemployment rates are comparable. However, immigrants from Mexico and Central America, who accounted for 19 percent and 6 percent, respectively, of all immigrant women in 1990, faced double-digit unemployment rates in 1990.



Education and earnings. In 1990, working-aged foreign-born women had, on average, 1.7 fewer years of schooling than U.S.-born women (see lower chart). Thus, it is not surprising that immigrant women earned wages that were 14 percent lower. The wage gap was particularly high for Mexican women, who earned just 67 cents on the dollar relative to U.S.-born women. This large

7-13-98

difference reflects very low levels of schooling among Mexicans; in 1990, average education was just 7.6 years for Mexican women, while U.S.-born women averaged 12.9 years. The study found that the differences in completed years of schooling explained 87 percent of the earnings gap for Mexicans.

At the same time, some women have performed very well. On average, immigrants from the U.K. and Canada, the rest of Europe, Japan, Korea, and China, and the Philippines earned wages that were higher than those earned by U.S.-born women. Again, education is the key factor. As shown in the chart, foreign-born women with higher wages have completed more schooling.

Implications. Women account for 42 percent of all foreign-born workers. Many immigrant women are doing quite well in the labor market, earning wages comparable to those of U.S.-born workers soon after arriving in the United States. However, Mexican and Central American women earn much less due to their relatively low levels of schooling, and they have high unemployment. These two groups accounted for only 10 percent of all foreign-born women living in the United States in 1970. But by 1990 this share had increased to 25 percent, and immigration from these countries has continued to grow in the 1990s. This suggests that aggregate gains among women in the labor market in the last decade were somewhat attenuated by the increasing share of foreign-born workers with lower levels of education.

ARTICLE

Time As Money: A Perspective on Productivity

The average manufacturing worker earned less than \$9 *per week* in 1897, compared with more than \$13 per hour in 1997. Of course, a substantial amount of the increase in manufacturing wages between 1897 and 1997 reflects a rise in the overall price level. But productivity advances kept the prices of a large number of goods from increasing as fast as wages, with the result that the purchasing power of the money earned from an hour's work increased substantially.

Productivity, prices, and purchasing power. Analytically, changes in the real wage are calculated by comparing changes in the money wage with changes in a weighted average index of prices for a wide variety of goods and services. A new study from the Dallas Federal Reserve takes a more colorful (but more impressionistic) approach by calculating long-term changes in the amount of time it would take a typical manufacturing worker to earn enough to buy a wide variety of individual items. This approach is easily implemented for some items (a 3-pound fryer chicken is a 3-pound fryer chicken), but in other cases the issue of quality change is important. A 1997 Ford Taurus might be compared with a 1908 Model T, for example, or today's 1/5-pound Big Mac might be compared with the 1/8-pound burgers served by the McDonald brothers in 1940.

Food. Looking at basics, the report calculates the work time required to buy a 12-item food basket containing staples like a half-gallon of milk, a dozen eggs, a pound of bread, 5 pounds of sugar, and a pound of ground beef. In 1919 it would have required a long day's work (9.5 hours) to buy such a basket; this fell to 3.5 hours in 1950 and only 1.6 hours in 1997. A 3-pound fryer chicken, which was relatively expensive at \$1.23 in 1919, was relatively cheap at \$3.15 in 1997. This shows up in the dramatic drop in time cost—from 2 hours 37 minutes to just 14 minutes.

Shelter. The median price of a house in 1920 was \$4,700. This rose to \$14,500 in 1956 and \$140,000 in 1996. ~~This increase is larger than the increase in wages.~~ But houses have gotten bigger. (The average new home in 1996 had the equivalent of two additional 12x15 foot rooms than the average new house in 1970; it had almost twice the number of square feet as the average new home in 1920.) The labor time required per square foot of housing fell from 7.8 hours per square foot in 1920 to 5.6 hours per square foot in 1996. Although the time cost today is slightly higher than it was in 1970, today's home is more likely to come with central heat, air-conditioning, and other amenities included in the basic price.

Clothing. In 1927 Charles Lindberg toured the country in a \$42.95 suit provided by Hart Schaffner & Marx. In 1997, the company's suits cost about \$525. But a man would have had to work 79 hours to afford the 1927 suit, compared with 40 hours in 1997. At the other end of the clothing spectrum, the work-time cost of a pair of Levis

7-13-98

jeans has fallen to about a third of what it was in 1900. Today's work-time cost is somewhat higher than its all-time low in 1971, but the report argues that jeans have moved from being designed for work to being designed with fashion, fit, and comfort in mind (which it identifies with higher quality).

The automobile. The Ford Model T was one of the country's first affordable cars. The 1908 model cost \$850, or over 4,500 hours of work for the typical factory worker (almost 2 years, given the average work week of about 50 hours). A 1997 Ford Taurus costing about \$18,000 required about 8 months of work (at 40 hours per week). Paying for a gallon of gasoline required about a half hour's work in 1920 but only about 5 minutes' work in recent years.

New products. The report illustrates how dramatic productivity and price improvements can be following the introduction of a new product. In 1972 a VCR cost about \$1,400 (365 hours of work); in 1997 a VCR cost about \$200 (15 hours of work). IBM's Mark I computer cost about \$200,000 to build in 1944 and could do about 3 calculations per second. In 1997, a \$1,000 PC could do 166 million instructions per second (MIPS). Between 1984 and 1997 alone, the work-time cost per MIPS fell from 52 hours to 27 minutes.

What's up? Not everything has come down in price. Medical costs have, of course, increased. And tuition and fees at public colleges and universities have roughly doubled in terms of work time since the mid-1970s. (The increase has been even greater at private institutions). However, the medical and educational dollars also appear to be buying more than they used to. The report points out, for example, that the wage premium associated with a college degree has also increased since the mid-1970s.

Conclusions. Looking at long-term changes in the amount of work time it takes to purchase a wide variety of goods and services illustrates in a more colorful way many of the issues involved in formal analyses of productivity, price changes, and the cost of living. For example, reductions in the time-cost of purchasing many specific items have flattened out considerably since the early 1970s, reflecting the general productivity slowdown at that time. (To be sure, productivity and price improvements are still dramatic in areas like computing and home electronics.) In addition, education and medical services illustrate the lack of measured productivity growth and the difficulty in accounting for quality changes in key service sectors.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP**Mergers and Acquisitions Reach Record Level in the First Half of 1998.**

Announced domestic merger and acquisition (M&A) activity reached an unprecedented \$973 billion, from over 5,300 deals, in the first half of 1998. This value already exceeds 1997's record total of \$920 billion (though merger activity in the mid-1980s was larger as a share of the market value of U.S. companies than last year's dollar-record level). Triggering this surge was an unprecedented volume of activity during the second quarter of 1998. Nearly \$700 billion in announced domestic deals occurred in the past 3 months, more than double the previous quarterly record for domestic M&As set during the fourth quarter of 1997. Commercial banking was the leading sector for announced activity in the first half of 1998 with nearly \$216 billion from 212 deals, followed by the telecommunications sector with about \$122 billion from 137 transactions, and the radio and television industry with over \$86 billion from 138 deals.

Marginal Tax Rates Remain Low. Marginal Federal income tax rates, which fell dramatically over the 1980s, have remained low for the vast majority of taxpayers, according to a recent study by economists at the Urban Institute, the Brookings Institution, and the Congressional Budget Office. In 1980, three-quarters of taxpayers faced statutory tax rates above 15 percent, but by 1995 less than one-quarter of taxpayers were in that situation. The proportion of taxpayers facing rates of 28 percent or less rose from 57 percent in 1980 to 96 percent in 1995. The study shows that the higher tax brackets introduced in the 1990 and 1993 reforms affected very few taxpayers. Only 3 percent faced marginal rates of 31 or 36 percent, while just one-half of 1 percent were in the highest bracket of 39.6 percent. The results suggest that growing prosperity, not higher rates, is responsible for the recent increase in total personal tax payments. The study considers only Federal personal income taxes and not other Federal or state and local taxes.

States Refocus Welfare Systems toward Work. While the Nation's welfare caseload fell by more than a quarter between 1996 and 1998, overall state spending on welfare decreased by less than 10 percent, and state spending on child care and job readiness training rose sharply. According to the National Governors' Association's *Fiscal Survey of States*, state spending on child care increased by more than 50 percent during the period (from 15 percent of total welfare expenditures to 23 percent), and spending on services that promote self-sufficiency—training, education, job placement, and subsidized employment—increased by more than 30 percent (from 5 percent of total expenditures to 7 percent). The welfare-to-work program of Portland, Oregon, may be a model of the refocused welfare system. According to an HHS-sponsored study, the program was strongly employment-focused—emphasizing job search for “good” jobs—though it utilized a mixed service strategy, including short-term education, vocational training, work experience, and life-skills training. The program raised employment levels by 11 percentage points over 2 years (relative to a control group), increased earnings by 35 percent, and reduced welfare expenditures by 17 percent.

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INTERNATIONAL ROUNDUP

THE PROGRESS OF THE WORLD

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✓ **Can A New Central Bank Chief Halt the Slide of the Rand?** In the wake of renewed turbulence in emerging markets, South Africa's rand has come under pressure. Since May 1, the rand has lost about 20 percent of its value. Perhaps hoping to restore market confidence, the government announced the successor to the central bank governor this weekend, 1 year before the appointment is due to take effect. The nominee is the current labor minister, an ANC politician with no banking experience. The initial market reaction to the appointment was adverse. On Monday the rand fell to a new low against the dollar, but it has since recovered somewhat. Although there are signs of some deterioration in fundamentals, many feel the rand may have overshot its "fair value" (although they also expect it may continue to fall in the short term under continuing speculative pressure). Investors seem to be keeping close watch on South Africa's thin reserves, which fell to about \$5.5 billion at the end of June. Net reserves may be even lower, as the reported gross figures include about \$3 billion in foreign borrowing and ignore central bank commitments made in forward market operations to support the rand. The bank's foreign exchange liabilities in forward markets now exceed current reserves by \$22.5 billion, up sharply from \$12.8 billion 2 months ago.

Romanian Reform Goes Back to the Future. Romania's private sector produces less than 60 percent of national output. This is one of the lowest shares in Central and Eastern Europe and a testament to the trouble the country has had achieving privatization and economic reform. Popular dissatisfaction with the pace of reform led to a new government with a new reform program in 1996, but coalition wrangling over tough political decisions stalled those efforts. The new government that took office earlier this year inherited an economy that had shrunk 6.6 percent last year while experiencing inflation of over a 150 percent. Pledges by Prime Minister Visile to push through privatization have renewed the promise of reform, but recent reports suggest that little has changed in the basic political landscape. A \$410 million financing agreement with the IMF was put on hold after Romania's program started to go off track last fall, but the IMF is ready to negotiate a new program if it sees credible commitments to bring the budget deficit under control and restart the structural reform process. IMF officials remain skeptical, however.

As Goes MERCOSUR, So Goes Uruguay. After a recession in 1995, Uruguay has recorded two consecutive years of rapid growth (5 percent in 1996 and 6 percent in 1997). This growth was largely attributable to buoyant demand from its major trading partners and fellow MERCOSUR members, Argentina and Brazil. Between 1990 and 1996, the share of Uruguayan exports to MERCOSUR countries increased from one-third to almost one-half. Although events in Asia have had no significant direct impact on Uruguay to date, both Brazil and Argentina are in vulnerable positions, and it is likely that either devaluations or the protracted defense of the currency in one or both of these countries could cripple Uruguay's expansion.

RELEASES THIS WEEK

Producer Price Index

****Embargoed until 8:30 a.m., Friday, July 10, 1998****

The producer price index for finished goods fell 0.1 percent in June.
Excluding food and energy, producer prices rose 0.2 percent.

MAJOR RELEASES NEXT WEEK

Consumer Prices (Tuesday)

Retail Sales (Tuesday)

Industrial Production and Capacity Utilization (Thursday)

U.S. International Trade in Goods and Services (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	5.4
GDP chain-type price index	5.4	1.8	1.4	1.4	1.2
<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	2.6
Federal surplus	-2.7	-0.4	-0.1	-0.1	0.6
	1970- 1993	1997	April 1998	May 1998	June 1998
Unemployment Rate (percent)	6.7**	4.9**	4.3	4.3	4.5
Payroll employment (thousands)					
increase per month			320	309	205
increase since Jan. 1993					16246
Inflation (percent per period)					
CPI	5.8	1.7	0.2	0.3	N.A.
PPI-Finished goods	5.0	-1.2	0.2	0.2	-0.1

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

New or revised data in **boldface**.

PPI data **embargoed until 8:30 a.m., Friday, July 10, 1998.**

FINANCIAL STATISTICS

	1996	1997	May 1998	June 1998	July 9, 1998
Dow-Jones Industrial Average	5743	7441	9080	8873	9090
Interest Rates (percent per annum)					
3-month T-bill	5.01	5.06	5.00	4.98	4.94
10-year T-bond	6.44	6.35	5.65	5.50	5.41
Mortgage rate, 30-year fixed	7.80	7.60	7.14	7.00	6.91
Prime rate	8.27	8.44	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	Current level July 9, 1998	Percent Change from	
		Week ago	Year ago
Deutschemark-Dollar	1.831	0.4	3.9
Yen-Dollar	141.3	-0.1	25.1
Multilateral \$ (Mar. 1973=100)	102.7	0.5	6.9

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	3.9 (Q1)	4.5 (Jun)	1.7 (May)
Canada	3.8 (Q1)	8.4 (May)	1.3 (May)
Japan	-3.7 (Q1)	4.2 (Apr)	0.5 (May)
France	3.4 (Q1)	12.0 (Apr)	1.0 (May)
Germany	3.0 (Q1)	^{2/} 7.6 (Apr)	1.3 (May)
Italy	2.5 (Q1)	12.4 (Apr)	1.7 (May)
United Kingdom	2.9 (Q1)	6.4 (Mar)	4.2 (May)

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 April 1998 is 10.0 percent.

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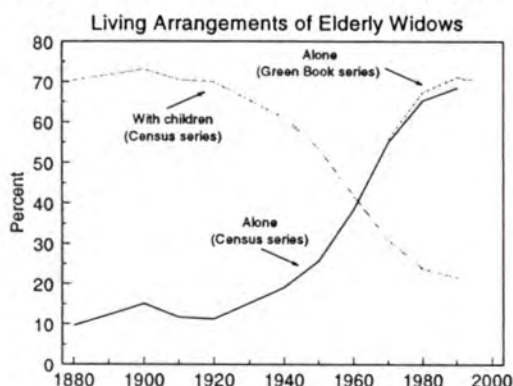
SPECIAL ANALYSIS

Living Arrangements of Elderly Widows

Today 79 percent of unmarried elderly women are widows. Surveys indicate that a majority of elderly widows would prefer to live alone rather than move in with their children, and a recent study shows that the proportion of elderly widows living by themselves has increased dramatically over the past century. The main cause has been improvements in economic status. Nevertheless, the poverty rate of elderly widows remains substantially higher than that of elderly persons in general.

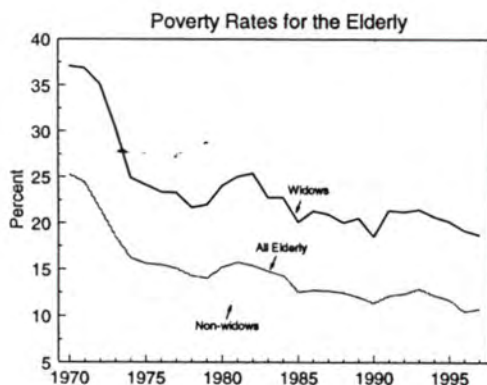
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Trends. The share of (noninstitutionalized) elderly widows living alone stayed roughly constant at a low level (10 to 15 percent) for several decades prior to the



enactment of Social Security in 1935 (see upper chart). But between 1940 and 1980, the share living alone increased sharply, while the share living with adult children fell. By 1980, 65 percent were living by themselves, and only 24 percent shared a home with their children. This strong upward trend ended in 1980, and living arrangements in 1995 were fairly similar to those in 1980.

What caused the change? The study found that rising economic status, primarily due to greater coverage and higher benefits from Social Security, accounted for 62 percent of the increase in the share of elderly widows living alone between 1940 and 1990. About 9 percent of the change was explained by a decline in the number of children available for widows to move in with.



Poverty status. Widows, like elderly people generally, have seen their poverty rate decline substantially over the past three decades (the longest period for which consistent data are available). However, the poverty rate for widows (who account for 27 percent of all elderly persons) was a relatively high 19 percent in 1997—more than twice the rate for all other elderly persons (see lower chart).

Implications. The primary source of income for most widows is Social Security. In 1990, two-thirds of widows derived at least half their total income from Social Security benefits. Thus, Social Security reform, including changes in survivor's benefits, will be particularly important for this population.

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SPECIAL ANALYSIS

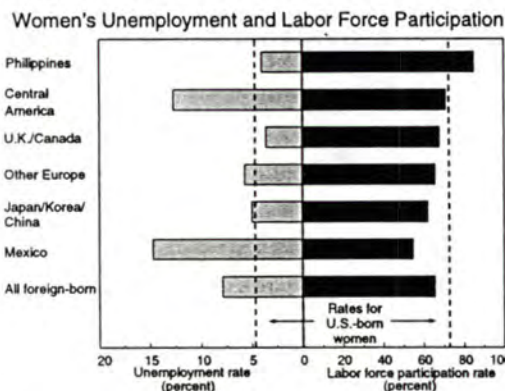
Foreign-Born Women in the U.S. Labor Market

Several studies have examined the labor market performance of male immigrants, but almost half of all immigrant workers are women. A recent study that does look at women found substantial differences in labor force participation, unemployment, and wages among immigrants born in different countries. These differences are highly correlated with disparities in education among immigrant groups.

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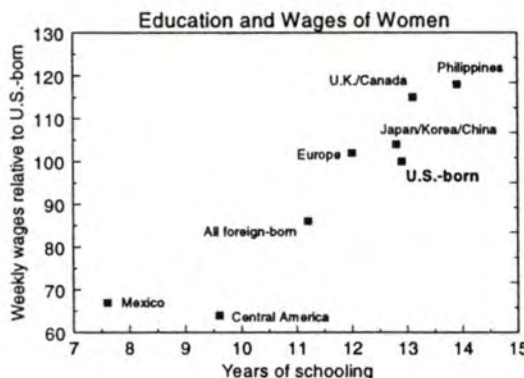
*! ** **Immigration trends.** The share of the population that is foreign-born rose from 4.8 percent in 1970 to 9.7 percent in 1997. At the same time, the importance of different countries as sources of immigrants has been changing. Whereas 31 percent of U.S. immigrants were from Europe in 1970, the share from Europe fell to 18 percent by 1995, with 37 percent coming from Asia and 12 percent from Mexico.

Women's labor force participation and unemployment. In 1990, 66 percent of working-aged (25 to 60-year old) female immigrants participated in the labor force, compared with 73 percent for U.S.-born women (see upper chart). Unemployment



was more common among foreign-born women. Their unemployment rate was 7.9 percent, compared with 4.8 percent for U.S.-born women. (These estimates are from the 1990 census; more recent surveys do not provide large enough samples for accurate estimation.)

Although foreign-born women as a whole have relatively high unemployment rates, immigrants from some countries do very well. As shown in the chart, most groups' labor force participation rates are very similar to that of U.S.-born women, and their unemployment rates are comparable. However, immigrants from Mexico and Central America, who accounted for 19 percent and 6 percent, respectively, of all immigrant women in 1990, faced double-digit unemployment rates in 1990.



Education and earnings. In 1990, working-aged foreign-born women had, on average, 1.7 fewer years of schooling than U.S.-born women (see lower chart). Thus, it is not surprising that immigrant women earned wages that were 14 percent lower. The wage gap was particularly high for Mexican women, who earned just 67 cents on the dollar relative to U.S.-born women. This large

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difference reflects very low levels of schooling among Mexicans; in 1990, average education was just 7.6 years for Mexican women, while U.S.-born women averaged 12.9 years. The study found that the differences in completed years of schooling explained 87 percent of the earnings gap for Mexicans.

At the same time, some women have performed very well. On average, immigrants from the U.K. and Canada, the rest of Europe, Japan, Korea, and China, and the Philippines earned wages that were higher than those earned by U.S.-born women. Again, education is the key factor. As shown in the chart, foreign-born women with higher wages have completed more schooling.

Implications. Women account for 42 percent of all foreign-born workers. Many immigrant women are doing quite well in the labor market, earning wages comparable to those of U.S.-born workers soon after arriving in the United States. However, Mexican and Central American women earn much less due to their relatively low levels of schooling, and they have high unemployment. These two groups accounted for only 10 percent of all foreign-born women living in the United States in 1970. But by 1990 this share had increased to 25 percent, and immigration from these countries has continued to grow in the 1990s. This suggests that aggregate gains among women in the labor market in the last decade were somewhat attenuated by the increasing share of foreign-born workers with lower levels of education.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Mergers and Acquisitions Reach Record Level in the First Half of 1998.

Announced domestic merger and acquisition (M&A) activity reached an unprecedented \$973 billion, from over 5,300 deals, in the first half of 1998. This value already exceeds 1997's record total of \$920 billion (though merger activity in the mid-1980s was larger as a share of the market value of U.S. companies than last year's dollar-record level). Triggering this surge was an unprecedented volume of activity during the second quarter of 1998. Nearly \$700 billion in announced domestic deals occurred in the past 3 months, more than double the previous quarterly record for domestic M&As set during the fourth quarter of 1997. Commercial banking was the leading sector for announced activity in the first half of 1998 with nearly \$216 billion from 212 deals, followed by the telecommunications sector with about \$122 billion from 137 transactions, and the radio and television industry with over \$86 billion from 138 deals.

Marginal Tax Rates Remain Low. Marginal Federal income tax rates, which fell dramatically over the 1980s, have remained low for the vast majority of taxpayers, according to a recent study by economists at the Urban Institute, the Brookings Institution, and the Congressional Budget Office. In 1980, three-quarters of taxpayers faced statutory tax rates above 15 percent, but by 1995 less than one-quarter of taxpayers were in that situation. The proportion of taxpayers facing rates of 28 percent or less rose from 57 percent in 1980 to 96 percent in 1995. The study shows that the higher tax brackets introduced in the 1990 and 1993 reforms affected very few taxpayers. Only 3 percent faced marginal rates of 31 or 36 percent, while just one-half of 1 percent were in the highest bracket of 39.6 percent. The results suggest that growing prosperity, not higher rates, is responsible for the recent increase in total personal tax payments. The study considers only Federal personal income taxes and not other Federal or state and local taxes.

States Refocus Welfare Systems toward Work. While the Nation's welfare caseload fell by more than a quarter between 1996 and 1998, overall state spending on welfare decreased by less than 10 percent, and state spending on child care and job readiness training rose sharply. According to the National Governors' Association's *Fiscal Survey of States*, state spending on child care increased by more than 50 percent during the period (from 15 percent of total welfare expenditures to 23 percent), and spending on services that promote self-sufficiency—training, education, job placement, and subsidized employment—increased by more than 30 percent (from 5 percent of total expenditures to 7 percent). The welfare-to-work program of Portland, Oregon, may be a model of the refocused welfare system. According to an HHS-sponsored study, the program was strongly employment-focused—emphasizing job search for “good” jobs—though it utilized a mixed service strategy, including short-term education, vocational training, work experience, and life-skills training. The program raised employment levels by 11 percentage points over 2 years (relative to a control group), increased earnings by 35 percent, and reduced welfare expenditures by 17 percent.

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THE PRESIDENT HAS SEEN
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A U.S. Privatization Plan Stirs Nuclear Uneasiness

Some Fear Impact on Russian Uranium Deal

By Peter Passell
New York Times Service

The U.S. Treasury's announcement Monday that it would soon privatize the government's half-century-old uranium enrichment plants has made waves largely because of the proposed method of sale.

While an initial public offering of shares in a government-owned corporation is not unprecedented, it is still something of a novelty.

But the more important news is that the Treasury is moving forward in spite of years of warnings that the sale would undermine a key initiative for containing nuclear proliferation.

Once the United States Enrichment Corp. is privatized, the company will have powerful financial incentives to find a means to back away from an agreement to import 500 tons of bomb-grade uranium from Russia.

"Privatization is a foreign policy disaster waiting to happen," argued Richard Falkenrath, an economist at Harvard University's Kennedy School of gov-

ernment.

When the Cold War ended and Russia was left with a potent nuclear arsenal, Tom Neff, a physicist at the Massachusetts Institute of Technology, had a brainstorm.

Why not buy a chunk of Russia's stockpile of bomb-grade uranium, blend it with natural uranium to make fuel for commercial power reactors and resell it?

Why not, indeed: With much fanfare, Vice President Al Gore struck the swords-to-plowshares deal with President Boris Yeltsin in 1993.

Russia would manufacture the reactor fuel from its bombs, and Washington would sell the fuel on world markets.

Minatom, the Russian nuclear authority, with an estimated one million employees, would get cash to cover the wages of its needy nuclear scientists.

Also, far less bomb-grade uranium would be left lying around Russia for someone to steal.

And all this would happen without a

See URANIUM, Page 17

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URANIUM: Impact on a Deal

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dime coming from the American taxpayers.

United States Enrichment Corp., the federal operator of the plants in Ohio and Kentucky that enrich natural uranium to commercial reactor fuel, was assigned to put the agreement in effect.

That seemed the obvious way to go, save for one fact: In an entirely unrelated burst of enthusiasm for privatizing government assets, Congress had earlier decreed that the public corporation should be sold to the highest bidder.

Joseph Stiglitz, then the chairman of the President's Council of Economic Advisers, pointed to the conflict of interest. A privatized, profit-maximizing United States Enrichment Corp., he argued, would have an incentive to buy as little Russian enriched uranium as possible — at least as long as the price paid to the Russians was higher than the corporation's own, heavily subsidized cost of producing each extra bit of reactor fuel.

But the government's national security establishment put the cause of reinventing government ahead of keeping nuclear weapons out of the hands of malefactors.

The State Department, Energy Department and the president's National Security Council all insisted that the corporation would do the right thing because federal watchdogs would otherwise intervene.

Mr. Stiglitz was out-

gunned, but not outargued: There was already tangible evidence that the business conflict was real.

Even as public servants, the corporation's managers had been caught secretly asking the Russians to slow deliveries to allow the corporation to sell more from its inventory.

And by Mr. Neff's analysis, the government's will to keep the corporation on the straight and narrow is likely to be strained again.

As long as the price paid to Russia is less than the prevailing world price, the fuel can always be resold without cost to the government.

But Mr. Neff notes that the uranium fuel market is weak — and will probably get weaker unless the Asian economies soon recover from their downturn.

Thus it would hardly be a surprise if the government were someday forced to choose between turning a blind eye toward United States Enrichment Corp.'s machinations or buying up surplus Russian uranium fuel at the taxpayers' risk.

Would Washington invest billions of dollars to keep the fissionable material flowing out of Russia?

In a letter to Senator John Glenn, the Ohio Democrat, Treasury Secretary Robert Rubin and Energy Secretary Federico Pena assured him that "if problems arise the administration will not hesitate to add or replace executive agents" — longhand for "yes."

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JUSTICE FOR ALL

BECKY OGLE: CHAIR, MARK SMITH: TRUTH TEAM COORDINATOR, 754 NORTH PRESIDENT STREET, SUITE 2, JACKSON, MS 39202, 601/969-0601 V/TDD, 969-1662 FAX, JUSTIN & YOSHIKO DART: 907 6TH STREET, S.W., #516C, WASHINGTON, DC 20024, FRED FAY: E-MAIL COORDINATOR, justice@tmet.com, FRED PELKA

PRESIDENT MISSES BIG BUCKS POLITICAL FUND RAISER TO MEET YOUNG DISABILITY RIGHTS LEADERS

On the evening of June 23rd President Bill Clinton met 50 to 60 young - ages 15 to 25 - leaders of the disability community gathered in Washington for the NCD Youth Leadership Conference.

He greeted them at the front portico of the White House, where many years ago, as a young person attending a similar youth leadership program, he met President John Kennedy.

Our youthful patriots were absolutely delighted. What they did not know was that the President had canceled a meeting with large contributors to the Democratic Party in order to be with them.

Congratulations to the President and to his staff, and to Marca Bristo and all at the NCD. Special congratulations to our young leaders who qualified for this national conference by their records of solid contributions to the struggle for justice. This is democracy at its best.

Colleagues across the world, we love you.

Lead on.

*Congratulations,
Mr. President!
We love you*

Becky Ogle
Becky Ogle

Justin and Yoshiko Dart
Justin and Yoshiko Dart

Fredrick A. Fay
Fred Fay

Mark Smith
Mark Smith

Fred Pelka
Fred Pelka

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To Burkhardt for reply?
Yes ☒ No ☐

B.

Justice for All means Real Power for All,
Real Choices for All, Real Access to the Dream for All



BLACK LEADERSHIP FORUM, Inc.

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Dr. Joseph E. Lowery
Member-at-Large

Vice Chairman

Eddie N. Williams, President
Joint Center for Political and
Economic Studies

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Dr. Ramona H. Edelin, President
National Urban Coalition
Executive Director and COO

Dr. Yvonne Scruggs-Leftwich

The Honorable Gordon D. Bush
President, National Conference of
Black Mayors

The Honorable Shirley Chisholm
Member-at-Large

The Honorable Lois DeBerry
President, National Black Caucus of
State Legislators

Oscar Eason, Jr., President and CEO
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Norman Hill, President
A. Philip Randolph Institute

Reverend Jesse L. Jackson
President and CEO
Rainbow / PUSH Coalition

Elaine R. Jones, Esq., Director-
Counsel, NAACP Legal Defense &
Educational Fund, Inc.

Dexter King, President and CEO
Martin Luther King Center for
Nonviolent Social Change

Martin Luther King III, President
Southern Christian Leadership
Conference

Dorothy R. Leavell, President
National Newspaper Publishers
Association

William Lucy, President
Coalition of Black Trade Unionists

Kweisi Mfume, President and CEO
NAACP

The Honorable Paul Richards
President, National Black Caucus of
Local Elected Officials

Dr. Jane Smith, President, National
Council of Negro Women, Inc.

Percy E. Sutton, Esq.
Member-at-Large

Herman Art Taylor, President and
CEO, OIC's of America, Inc.

Dr. C. DeLores Tucker, Chair
National Political Congress of
Black Women, Inc.

The Honorable Maxine Waters, Chair
Congressional Black Caucus

Daisy M. Wood, National President
of Member Organizations, National
Pan-Hellenic Council

Ambassador Andrew Young
Member-at-Large

July 2, 1998

The Honorable William Jefferson Clinton
President
United States of America
The White House
Washington, D.C. 20500

Dear President Clinton:

The Black Leadership Forum, Inc. (BLF) vigorously urges you to nominate, without delay, an African-American to the United States Fourth Circuit Court of Appeals, in order finally to end the shameful racial segregation which always has characterized this Circuit. Never in the history of our country has an African-American served on this Court.

We are aware that a nomination of an African-American to the Fourth Circuit has been pending for over two years. In view of this current status of this nomination, we urge you to use the considerable leverage of four existing vacancies on the Court to position, nominate, and confirm an African-American to this Court. To assure that the judicial segregation ends immediately, BLF strongly encourages you to make this nomination, and to push for its U.S. Senate confirmation, before you make any other nomination to the Fourth Circuit Court of Appeals.

The Fourth Circuit stands alone as the only Circuit Court in the deep South having no African-American representation on its judiciary. Yet, the Fourth Circuit has the largest African-American population of any Circuit in the entire nation, except for the District of Columbia Circuit. Twenty-two percent (22%), or 5.5 Million, of those residing in the Fourth Circuit are African-Americans, and thirty-five percent (35%) of the South's African-American residents live in the Fourth Circuit. The gross inequality and discrimination in this situation is self-evident.

This Nation cannot erase the shameful treatment that African-Americans have endured for hundreds of years in the deep South: slavery, segregation, bigotry, lynching and discrimination. BLF emphasized during our meeting with you in August, 1997 - and reinforced in our written communication to you thereafter - that your Initiative on Race will have even more profound meaning when substantial progress is made to eliminate the vestiges of these regrettable acts, and when guarantees of equity in our justice system prevail.

1090 Vermont Avenue, N.W., Suite 1100, Washington, D.C. 20005-4961, (202) 789-1940, Fax (202) 789-6391
Chairman: Post Office Box 115525, Atlanta, Georgia 30310, (404) 699-0261, Fax (404) 691-6296

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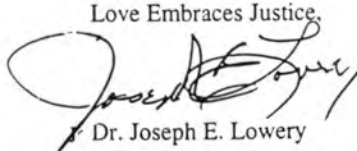
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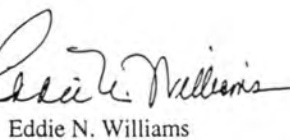
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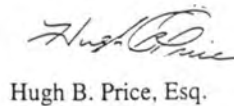
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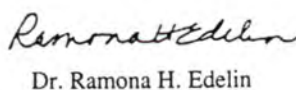
Perpetuating blatant segregation in the Fourth Circuit through your own judicial appointments is contrary to your commitment to racial equality and to your mandate evident in your Race Initiative. We petition you, therefore, to use your constitutional powers to lead the Fourth Circuit and this Nation, toward racial equality and toward the civil rights principles consistent with your commitments for your Administration.

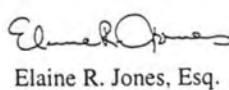
Love Embraces Justice.

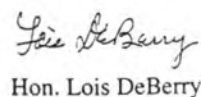

Dr. Joseph E. Lowery

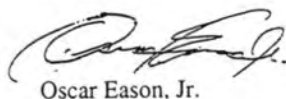

Eddie N. Williams

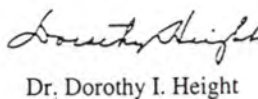

Hugh B. Price, Esq.

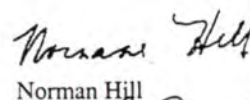

Dr. Ramona H. Edelin

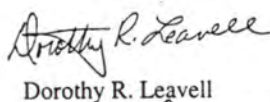

Elaine R. Jones, Esq.

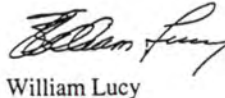

Hon. Lois DeBerry

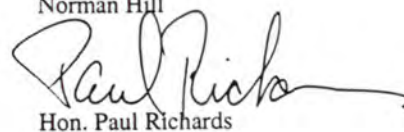

Oscar Eason, Jr.

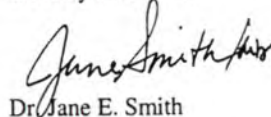

Dr. Dorothy I. Height

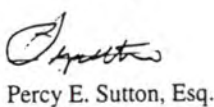

Norman Hill

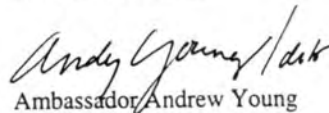

Dorothy R. Leavell

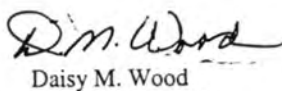

William Lucy

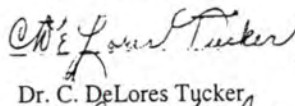

Hon. Paul Richards

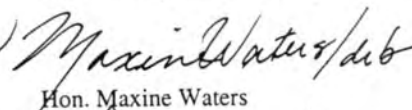

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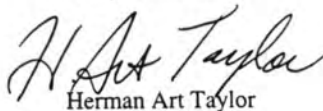

Percy E. Sutton, Esq.

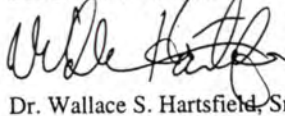

Ambassador Andrew Young

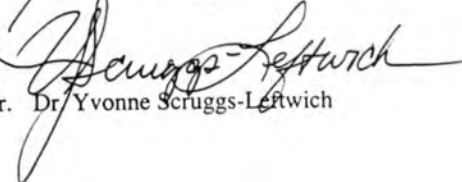

Daisy M. Wood


Dr. C. DeLores Tucker


Hon. Maxine Waters


Herman Art Taylor


Dr. Wallace S. Hartsfield, Sr.


Dr. Yvonne Scruggs-Leftwich

cc: Vice-President Albert Gore

The Metropolitan Museum of Art

VICE PRESIDENT FOR COMMUNICATIONS

Personal

June 24, 1998

98 JUL 13 AM 10:38

The President of the United States
The White House
Washington, DC

Dear Mr. President:

For an article I have been commissioned to write for the February 1999 *American Heritage Magazine* entitled, "How I met Abraham Lincoln," I am asking a number of prominent figures around the country -- political leaders, business people, leading historians, artists, performers, and others -- to recall briefly the very moment when they were first gripped with an enduring fascination with our 16th President.

Please explain what first attracted you to the Lincoln story -- and what has sustained that interest through the years.

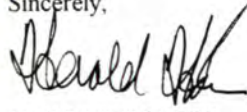
All of the people I will survey have published books about Lincoln and the Civil War, performed the role of the Great Emancipator, or otherwise publicly cited their interest in his life and times.

I ask only for 100 words or less. Each recollection will be published discretely, the series to be introduced by a brief essay that I will write to note the 190th anniversary of Lincoln's birth and suggest that Lincoln remains a uniquely inspiring historical figure, still capable of attracting new generations of students, scholars, and admirers, all of whom see him through the prism of their own aspirations.

Please use the back of this page, or a separate sheet, for your reply. A stamped, self-addressed envelope is enclosed. Of course, should you prefer to share your recollection in a brief telephone conversation, I would be happy to take down your words, interview fashion, at your convenience.

I look forward to hearing from you. Your participation in this venture will make it a far more compelling and valuable piece. Many thanks.

Sincerely,


HAROLD HOLZER

Dear Mr. President -
I hesitate to presume on your time so soon after you were gracious enough to tell me through The Lincoln Bedroom - but you so clearly feel deeply about Lincoln that I think how you first felt this deep interest would be inspiring to readers.
Many thanks,
HJ

1000 Fifth Avenue, New York, New York 10028-0198 212.570.3951 Telex 666676 Fax 212.472.2764

7-13-98

To Burkhardt for reply?
Yes ☒ No ☐

Coordinate with Counsel?
Yes ☒ No ☐

Should we do? B.

'98 JUL 13 AM 10:43
20 Jun 98

Dear Mr. President,

My name is Lance R. Reeves and I am a native of De Queen, Arkansas. I recently separated from the Air Force Reserves to pursue obtaining an active duty enlistment. I am now finding difficulty in doing this because I have been a member of the Reserves and the Air Force does not accept prior Reserves.

There are two reasons why I know it would be beneficial for the Air Force to accept me as an active duty member. First, it is cost effective. I recently completed the Air Force Security Forces Academy. I can go straight to a base and begin working immediately. Second, the Security Forces career field is extremely undermanned and even people who have separated are being allowed back to reenlist on active duty to help aid in the shortage. My qualifications and training can also help in solving the shortage.

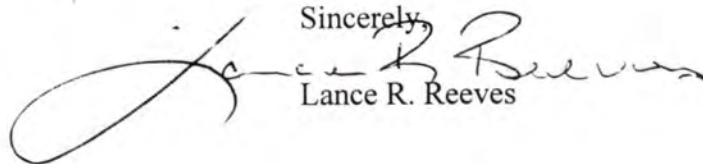
I desire a career as a active duty Air Force member. I too, have political dreams and plan to major in public administration and minor in political science. The Air Force can help me achieve this with the educational benefits, the leadership experience and the honor of serving my country.

Mr. President, I know I would be an asset to the career field and the Air Force and ask you for your help in achieving this. I require a letter of recommendation from you stating that I be given the opportunity to enlist as an active duty member. The manpower shortage and the economical sense it would make should aid in your decision. If you agree to do this my address is as follows.

Lance R. Reeves
3500 Goliad Rd #87
San Antonio, TX, 78223

Sir, I thank you for your time and concern in this matter

Sincerely,


Lance R. Reeves


7-13-98
To Burkhardt for reply?
Yes ☒ No ☐
Coordinate with
Military Office?
Yes ☒ No ☐
B.

EB
JDP
Need to discuss

THE STATE OF GEORGIA
DEPARTMENT OF AGRICULTURE
CAPITOL SQUARE
ATLANTA, GEORGIA 30334



July 9, 1998

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

Dear Mr. President:

The survival of thousands of farmers in Georgia and across the South from the Carolinas to Texas depends on your help and the help of Congress. Drought and record high temperatures have devastated our crops. Many farmers in the southern part of our state have not had any substantial rain since planting their crops in April. I have contacted Georgia's congressional delegation and spoken personally with House Speaker Gingrich to elicit their support, but we need your leadership to assure that farmers get the help they must have in order to survive.

From being too wet and cold in the spring and fall to too hot and dry this summer, our farmers have suffered incredible losses. We have asked Governor Miller to request that Secretary Glickman give us a disaster declaration that we feel is forthcoming.

Please collaborate with Congress and direct Secretary Glickman to find ways to help our farmers.

Your friend,

Tommy
Tommy Irvin

7-13-98

To Cabinet Affairs?

Yes — No ✓

Burke
for
K.P.

BLACK FARMERS

Agriculture chief enters conflict over loans

'Do more than talk':

Commissioner Tommy Irvin says farmers denied money by USDA should appeal on state level.

By Peter Scott

STAFF WRITER

Georgia's top agriculture official has jumped into the emotional fray involving black farmers in Georgia and 14 other states who claim the United States has discriminated against them by denying or delaying their loan requests because of their race.

The Department of Agriculture needs to stop looking for ways to deny the loans to black farmers and instead find ways to grant them, state Commissioner of Agriculture Tommy Irvin said. "We are losing too many of our farmers, and sooner or later every consumer is going to feel the pinch," he said.

Irvin's involvement comes on the heels of U.S. Agriculture Secretary Dan Glickman's recent interview with *The Atlanta Journal-Constitution*, in which he conceded that the agency had discriminated against black farmers seeking loans over the years.

"I have urged Dan Glickman to do more than talk," Irvin said. "We are getting rhetoric, but not the action we need."

Irvin said that if black farmers in the state are still having difficulty getting loans through local committees representing the U.S. Agriculture Department, they should appeal to a state committee, where he said the requests would be looked at objectively.

"We need folks in the system who realize it is time to say yes rather than no" to the loan requests, Irvin said. "We have known black farmers have been in stress for several years. These are not farmers who are poor managers, but farmers the system has not given a chance. Some people have gotten the idea they are bad managers, but many have gotten into trouble through circumstances beyond their control."

About 600 farmers in 15 states are suing the government for \$2.5 billion, claiming they've been discriminated against for at least the past 15 years.

Glickman has acknowledged that "we have had a system that did not encourage equitable treatment of customers, and you had some people who were victimized by the policy."

Government lawyers are attempting to settle the suit, which is slated for trial next year.

98 JUL 13 PM3:40

Dr. Howard A. Rubin
PO Box 387
Pound Ridge NY 10576
914 764 4925
914 764 0536 fax
howard_rubin@COMPUSERVE.COM

Date : July 10, 1998

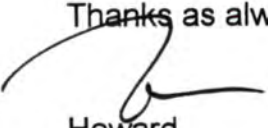
For : Betty Currie

Subject : Follow-on to technology competitiveness update

Here is the latest installment of my Year 2000 work. The President has requested that I supply him the latest information I have on the problem.

If there is a need to reach me you may do so at the numbers above or via pager at 800-SKY-PAGE Pin# 2291309.

Thanks as always,


Howard

7-13-98

To Burkhardt for reply?
Yes ☒ No ☐

Coordinate with Koskinen?
Yes ☒ No ☐

B.

Dr. Howard A. Rubin

PO Box 387

450 Long Ridge Road

Pound Ridge NY 10576

914 764 4931

e-mail: howard_rubin@COMPUSERVE.COM

webpage: hrubin.com

Date : July 10, 1998

**For : President Clinton
Vice President Gore**

From : Dr. Howard A. Rubin

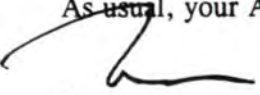
Subject : Latest Year 2000 status update

Enclosed are the results of my latest Year 2000 survey and my testimony before the Senate committee on July 6, 1998. My latest US corporate findings show:

- The trend to underestimate Year 2000 cost continues.. now 87% of those surveyed say that their Year 2000 spending projections are too low.... only 2% now say they are "on target".... further 69% say they are unable to assess whether their 1999 projections will go up, down, or stay the same.
- A full fledged Year 2000 strategy has begun in 86% of those companies surveyed.. up from 60% in March, 1998.
- The number of companies focusing on contingency planning has jumped from 3% in March, 1998 to 72% in June, 1998 -- but few real details of such plans have been worked out.
- Year 2000 compliance is becoming a factor in business to business relationships -- 55% of those surveyed indicate that it is very likely or potentially likely that they will not do business with non-compliant suppliers and partners.
- A small percentage of those surveyed, 3% claim they may sell off or reorganize parts of their business in response to Year 2000 issues.
- 84% now say that they are slipping milestones in their plans... this is an increase from the 78% that said so in March, 1998.
- The number of organizations expecting to have more than 50% of their systems compliant by 1/1/1999 has dropped from 85% in March, 1998 to 81%.
- 40% of those surveyed, claim to have had a Year 2000 related failure.... primary impact areas are systems processing disruption, financial miscalculation, supply chain/logistics problems, or customer service.

My Senate testimony focused on the need for scenario analysis and contingency planning as the mechanism for effectively managing the risks of the Year 2000 problem. I'd be pleased to share my ideas on the Administration's role on dealing with the problem with you. I will be meeting with John Koskinen towards the end of the month.

As usual, your Administration has my continued support,


Howard

any photos?
DC
H

cleared by:
Jose Cordero
Mickey Ibarra

to HRC, Bled

7-13

July 13, 1998

copied
HRC
Reed
Bowers

Mr. Larry Bentz
Principal
Thurston High School
333 North 58th Street
Springfield, Oregon 97478-6999

Dear Larry:

Thanks so much for your warm note about my visit to Springfield. I'm glad I could spend time with you and meet your family, and it's good to know that your children are doing better now. I was also pleased by your kind words about Gretchen Michael and my advance staff.

During my time in Springfield, I was deeply moved by the feelings of courage, hope, and optimism shared by so many. Although I know it will be difficult for the community to heal after such a tragedy, I'm confident that the bravery and extraordinary spirit of the students, parents, teachers, and administrators will help Thurston High look forward to a future full of promise. As we continue our discussions on ways to make our schools safer, I will keep your comments in mind.

You, your family, Thurston High School, and the people of Springfield remain in my thoughts and prayers.

Sincerely,

Bin Chutea

I was very moved by your account of your own children - the way you have worked hard to promote adoption & thank you for doing it - I agree with you about prevention.

THE WHITE HOUSE

WASHINGTON

July 13, 1998

Mr. Larry Bentz
Principal
Thurston High School
333 North 58th Street
Springfield, Oregon 97478-6999

Dear Larry:

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You, your family, Thurston High School, and the people of Springfield remain in my thoughts and prayers.

Sincerely,

Bill Clinton

I was very moved by your account of your own children - Hillary and I have worked hard to promote adoption & thank you for doing it - I agree with you about prevention.



Thurston Senior High School

333 N. 58th Street
Springfield, Oregon 97478-6999
(503) 744-5000

June 15, 1998

The President
The White House
Washington, DC 20500

Dear Mr. President

I would like to thank you for your visit to Thurston High School last Saturday. The impact was immediate, healing, and I believe long-lasting.

The Thurston community has been slowly working its way back to some semblance of normality, but in the back of everyone's mind for the last three weeks has been the shooting. Your appearance provided both comfort and affirmation of the strength of the community, their love for their children, and their belief in the quality of Thurston High. Both Sunday and today, everywhere I went people sought me out and expressed their appreciation. Similar impact occurred with the student body, who had already demonstrated incredible resilience and maturity, and continue to do so. The visit of the President helped ease the pain of this year being known as the "year of the shooting" by making it also known as the "year the President came to Thurston". I cannot begin to describe the impact upon the families most closely involved. The scene in the library was both moving and awe-inspiring. As I walked with you around the library I sensed the emotion and comfort that the Thurston families felt. Clearly your visit was a tremendous step forward for most of those present.

The area of impact with great personal meaning was with my own family. Kathy and I are parents to three adopted children, all of whom came to us first as foster children through what was then known as Children's Services Department. Our two girls (Amber-13 and Shannon-12) experienced severe and repeated abuse prior to coming into the system at ages 4 and 3 respectively. Their brother Justin (now 8) was born after the girls had already come to us in foster care and was a "meth baby". We adopted the three shortly after Justin came to live with us at age 10 months. While all three have demonstrated great progress, they still remain (and always will be to some extent) impacted by their early experiences. Kathy and I are very proud of them. However, May 21 was a tremendous shock and step back. Intellectually we know that children traumatized at an early age re-visit that trauma when they experience shock and stress in later life, but emotionally it was incredibly difficult to live through it as a family at the same time that I was trying to help the students, parents, and staff at Thurston High. The first reports said that one adult had been shot, most people assumed that it was me. Even after I talked to Kathy who talked to the kids, groundless rumors continued to swirl for the next week that a second student was going to "finish the job". The intense pressure of the media lead Kathy to take the children and go to the coast for four days immediately after the shootings. Since then we have seen a re-appearance of nightmares, difficult behavior, and other signs of regression on the part of the girls. However, your appearance of the President has had a dramatic effect. All three (Kathy and the girls - Justin's just too active to sit that long!) were able to see you

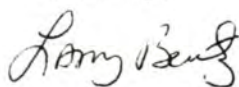
personally, shake your hand, and get their picture taken. It was a moment of great personal pride for them, and has clearly has been a tremendous step forward in the healing process. The girls have now had their first two consecutive nights of good sleep since May 21. We have great hope that they are now moving on with a greater sense of stability, safety, and self esteem. Thank you again from my personal point of view for this great help for my family.

My further thanks for your support of the concepts contained in the bill introduced by Senator Wyden, Senator Smith, and Congressman DeFazio last week - it may have made a difference in our case. I would also hope and ask for future efforts that might concentrate on more prevention. If Bill and Faith Kinkel had access to more effective interventions perhaps this wouldn't have happened. There just isn't anything out there for parents to access. A common situation that we run in to all the time with challenging students is the response from police and/or Services to Children and Families that they can't intervene until "the student has done something". Well, Kip did something and it was too late. I don't say this to find fault with either agency - I've been associated with CSD/SCF far too long as a foster parent not to appreciate the efforts of the people who work there, and also have a long-standing and positive relationship with the Springfield Police Department. The sad reality is that there is a tremendous void in services for teen-agers - perhaps some day we'll learn how to fill it.

I must also pass on my appreciation for the work of your staff in planning and implementing the actual visit. They were all extremely sensitive to our situation and allowed me to adjust plans as needed to fit my perception of our needs (particularly in regards to the arranging of limited media coverage). In particular I owe a great deal to Gretchen Micheal who lead the team - she was simply outstanding to work with. I would never have known that this was her first experience as the lead.

In any case, thank you again for your visit to Thurston High. It made a difference, you made a difference, both for me professionally and personally. Thank you.

Sincerely,



Larry Bentz
Principal

JOLLY/RISSLER, INC.
GOVERNMENT AND PUBLIC RELATIONS
10TH FLOOR
818 CONNECTICUT AVENUE, N.W.
WASHINGTON, DC 20006
(202) 293-3330
FAX (202) 293-3515
E-Mail: jris@jollyrissler.com

JOLLY/RISSLER

July 10, 1998

Mr. Phillip M. Caplan
Assistant to the President and Staff Secretary
The White House
1600 Pennsylvania Avenue, N.W.
Ground Floor, West Wing
Washington, D.C. 20500

'98 JUL 13 AM 11:35

Dear Phil:

Enclosed please find a copy of a letter to President Dan Amos, CEO of AFLAC Incorporated. This is to follow up regarding the enforcement of the U.S.-Japan Insurance Agreement. Miller had with the President yesterday in Atlanta.

Subsequently, Dan spent time with Paul Begala. Given the President's obvious interest in this and the urgency with this letter and hopes very much that the President will

Our mutual friend, Kevin Varney, suggested that you for anything you might be able to do to help, and please call me directly if you would like any more information.

Sincerely,



Thomas R. Jolly

TRJ:ks
Enclosures

P.S. I am also enclosing a document entitled *Actions in Breach of the U.S.-Japan Insurance Agreement*, which provides more detailed information on the extent to which Yasuda is violating the Agreement.

To Dan B for
reply (underlying
letter from Amos).
Coord with MSC
DC Sig. Phil 7/13

JOLLY/RISSLER, INC.
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JOLLY/RISSLER

July 10, 1998

Mr. Phillip M. Caplan
Assistant to the President and Staff Secretary
The White House
1600 Pennsylvania Avenue, N.W.
Ground Floor, West Wing
Washington, D.C. 20500

'98 JUL 13 AM 11:35

Dear Phil:

Enclosed please find a copy of a letter to President Clinton from my friend and client, Dan Amos, CEO of AFLAC Incorporated. This is to follow up on a substantive discussion regarding the enforcement of the U.S.-Japan Insurance Agreement that Dan and Governor Zell Miller had with the President yesterday in Atlanta.

Subsequently, Dan spent time with Paul Begala to discuss this matter more thoroughly. Given the President's obvious interest in this and the urgency of it, Dan wanted to follow up with this letter and hopes very much that the President will see it.

Our mutual friend, Kevin Varney, suggested that I provide you with a copy. Thank you for anything you might be able to do to help, and please call me directly if you would like any more information.

Sincerely,



Thomas R. Jolly

TRJ:ks
Enclosures

P.S. I am also enclosing a document entitled *Actions in Breach of the U.S.-Japan Insurance Agreement*, which provides more detailed information on the extent to which Yasuda is violating the Agreement.

DANIEL P. AMOS
PRESIDENT
CHIEF EXECUTIVE OFFICER

July 10, 1998

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

Dear Mr. President:

Thank you once again for your graciousness in sharing your time with Governor Miller and me yesterday in Atlanta. I know everyone enjoyed your visit and it was particularly good to have the opportunity to see you again.

I want you to know how much I appreciate your commitment to bring the issue of Yasuda Fire & Marine's premature entry into Japan's third sector insurance market to the attention of Prime Minister Hashimoto when he visits you in Washington later this month.

As we said yesterday, if Yasuda's activities in violation of the U.S. - Japan Agreement on Insurance are not resolved properly it will ultimately have a profound impact on our company, and on the integrity of this and future agreements. We believe that the approach taken thus far by the United States Trade Representative seriously underestimates this impact.

What Yasuda has done has been to gain entry to that portion of the marketplace, specifically reserved under the Agreement to current competition (basically, three American companies), through its small ownership stake in an American subsidiary. Yasuda has transformed the subsidiary with thousands of its own agents, many executive level managers, a new computer system which is integrated with its own, and has even substituted its sunflowers logo to convince consumers to purchase the Yasuda product. *These are precisely the kind of activities the Agreement said should not occur until, and unless, the primary insurance marketplace was opened to U.S. competitors.*

As Paul Begala suggested, our Washington representatives have already been in touch with his office to follow up with whatever additional information is needed.

We will anxiously await the outcome of your discussions. In the meantime, I wish you well in all your endeavors.

Sincerely,



Daniel P. Amos

P.S. Thanks again. I enjoy every opportunity we have to get together. I hope you know I wouldn't be bothering you personally with this issue if I didn't feel so strongly about the impact it will have on our company and the integrity of the trade agreement.

July 10, 1998

The "Yasuda Problem" in the Clinton-Hashimoto Meeting

It is imperative that President Clinton tell Prime Minister Hashimoto that Japan must deal with the fact that Yasuda Fire and Marine Insurance Company is violating the U.S. Japan Insurance Agreement. Serious harm is being done to American sales in Japan, at a time when the U.S.-Japan trade deficit is reaching astronomical levels – a \$62 billion annual rate.

The harm is occurring in the "third sector" of the Japanese insurance market, the sector in which American companies, particularly American Family Life Assurance Company of Columbus, Georgia, (AFLAC) has been phenomenally successful. AFLAC sells insurance to 25% of the entire Japanese population. Most of this consists of stand-alone cancer policies.

The deal struck with Japan, in the U.S.-Japan Insurance Agreement in 1994 and again in 1996, was that Japanese companies would not invade this third sector, until it opened its primary insurance sectors – life and accident/casualty – which is where the lion's share (over 90%) of the Japanese market is controlled by Japanese companies. Yasuda has crossed the line several years before the Agreement allows it to.

This issue is complicated by the fact that Yasuda has jumped the gun by using a U.S. subsidiary (owned 90% by Cigna) as a front. Cigna is selling the subsidiary to Yasuda. USTR, not wanting to interfere with Cigna's sale, has pronounced itself unable to act.

This issue is vital to Georgia, but it is also vital to enforcement of U.S. agreements with Japan, especially the insurance agreement. The fact that Yasuda's violation is going unopposed is a green light for the other giant Japanese insurance companies to take the plunge and destroy one of the rare American success stories in the Japanese market.

DETERMINED TO BE AN ADMINISTRATIVE

MARKING INITIALS: N

DATE: 1/14/22

299-3503-5

Business Confidential

ACTIONS IN BREACH OF THE U.S.-JAPAN INSURANCE AGREEMENT

Yasuda Fire & Marine's Concerted Activities to Penetrate the Third Sector of the Japan Insurance Market

*Memorandum in Support of USTR Finding of Violation
by the Government of Japan of the U.S.-Japan Insurance Agreements*

SUMMARY

July 1998

**Dewey Ballantine LLP
for
American Family Life Assurance Company of Columbus (AFLAC)**

THE WHITE HOUSE
WASHINGTON

Maria/Judy W
I should write
author follow

BK

PBS Panelists

Sherman Alexie

7-13-98

BACKGROUND:

Sherman Alexie is a 32-year-old, Washington-state born, Native American poet, author, and filmmaker. He is an author of nine books including his most recent novel, *Indian Killer*. He is also a filmmaker, and he wrote the screenplay for "Smoke Signals," a highly acclaimed movie that won two awards at the Sundance Film Festival this year. "Smoke Signals" depicts the distances between people -- Indians and whites, reservation Indians and urban Indians, men and women -- and between contemporary Indians and the traditional figures from their past. Alexie is a Coeur d'Alene and Spokane Indian who grew up on the Spokane Indian Reservation in eastern Washington state. He is a very outspoken young American Indian who conveys the realities of contemporary Indian life through humor and going against conventional stereotypes of Indians. His work is based his own personal life, living on a reservation and in urban settings.

RELEVANT RACE-RELATED ISSUES:

- **Alexie focuses on youth and reservation life.** Alexie has a strong interest in the experiences of Indian youth today. This is expressed in his inclination to write from the point of view of young Indian characters.
- Most Americans don't understand the special governmental status of American Indians and Alaska Natives. This misunderstanding has created a host of concerns and issues about a basic understanding of our collective history, which Alexie has used as sources for his humor and writing.
- On a recent appearance on CNN, Alexie was described as controversial within Indian country because some American Indians feel that he has no right to comment about life on a reservation since he has not lived on a reservation in a long time and currently lives in Seattle, WA.

copied
maria
Judy W
Bowles

7-13
TO BURKHARDT
COORDINATE
REPLY

Elaine Chao

BACKGROUND:

Elaine Chao, a distinguished fellow at the Heritage Foundation and Sr. Editor of *Policy Review*, is married to Senator Mitch McConnell. From 1992 to 1996, Chao was President and Chief Executive Officer of the United Way of America (UWA). Prior to joining the UWA, Chao was the director of the Peace Corps. Before joining the Peace Corps, Chao was deputy secretary of the U.S. Department of Transportation. Before that, she was the chair of the Federal Maritime Commission. During her service in the Federal government, she became the highest-ranking Asian Pacific American appointed in the executive branch in U.S. history. She served as a White House Fellow in 1983-1984.

RELEVANT RACE-RELATED ISSUES:

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- In addition, she has argued that the well being of our democracy depends upon “increased Christian participation,” in public affairs.
- She believes that racism is one of the four pivotal issues facing our society. The other issues are poverty, abortion and homosexuality.

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- He is the author of *Showing My Color, Impolite Essays on Race and Identity*, which focuses on promoting cultural sharing and encouraging Americans to be “color-curious” rather than “color-blind” or “color-bound.”
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- **Richard Rodriguez describes himself as politically left of center. Yet, he is a noted opponent of bilingual education and affirmative action.** Specifically, he is known for having turned down academic positions (as an English professor) because he felt they were offered to him based on his ethnicity.
- Richard Rodriguez has written extensively about race in America, often focusing on the subtle challenges race presents to our nation’s societal development. His book, *The Color Brown*, deals with the concept of “brown” people in a black and white country, and makes reference to comments from Dr. John Hope Franklin.
- He has also questioned the legitimacy of the debate on bilingual education and its focus on English as the primary language.

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- He has criticized the movement to “identity politics” in America and the movement away from our connection to the larger societal fabric. Rosenblatt sees race, religion, ethnicity, and economic status as the foundation of this movement.

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Roberto Suro is a Hispanic journalist for *The Washington Post* and author of a book focusing on Latino immigration titled *Strangers Among Us*. In *Strangers Among Us*, he briefly sketches a childhood divided between a Spanish-speaking home and the English-speaking world outside. Suro began his career as a newspaper reporter in Chicago and was one of the first journalists to write about the Mexicans and Puerto Ricans who were moving into old blue-collar wards abandoned by European immigrants in favor of the suburbs. He also made several reporting trips to Latin America, including two visits to Cuba. In 1978, he became a correspondent for *Time Magazine*, eventually doing tours in its Chicago, Washington, Beirut and Rome bureaus. From 1985 to 1993, he worked as bureau chief for *The New York Times*, first in Rome and then in Houston, where most of his work was concentrated in Texas and the Southwest. Suro wrote about crises on the Mexican border, the implementation of new immigration programs, and the changing status of Mexican migrants in the Texas economy. Along the way, Suro wrote two papers: "Remembering the American Dream: Hispanic Immigration and National Policy" and "Watching America's Door: The Immigration Backlash and the New Policy Debate."

RELEVANT RACE-RELATED ISSUES:

- **Roberto Suro believes that the growth of the Hispanic population is a positive contribution to the United States.** He is a strong believer that immigration leaves the country "stronger" and with a "better sense of self."
- In his recent writings, Suro has focused on the impact of Hispanic immigration. He has expressed concerns about the backlash against immigration and new voter referendums in California. He believes that bilingual education is needed as a "transitional measure; it requires dedicated and talented teachers working in supportive environments." (e.g. **High Hopes Initiative**)
- Suro also has focused on high rates of inter-marriage by Hispanic and Asian Americans as signs of progress towards Americanization.

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RELEVANT RACE-RELATED ISSUES:

- **Cynthia Tucker is known as a political moderate with views on a wide range of social issues. She comes from a more iconoclastic perspective than a traditional race-based perspective.**
- Tucker has recently written about the killing in Jasper, Texas, and the attitude of quiet forgiveness and mutual support that has come over the town as a result of the heartfelt and courageous apology from Ronald King, father of one of the suspects.
- She is a thoughtful, non-confrontational and independent analyst of race issues, with special expertise on the southern states.

2/5
we need
to work out
details

Tobacco Q&A
July 10, 1998

7-13-98

Q: What do you think of the rumored plan for the states to settle with the tobacco industry?

A: We're doing everything in our power to reduce teen smoking, and we're delighted that states are pressing ahead to do everything in their power. The only ones who haven't done anything yet are the Republican leaders in Congress, who conspired with the industry to kill a strong bill and have let the tobacco companies dictate a weak one.

Further action by the states and the administration can only increase pressure on Congress to do its part and help us finish the job -- by reaffirming FDA's full authority over tobacco products, imposing surcharges on tobacco companies that keep marketing cigarettes to young people, and launching a nationwide counteradvertising to warn young people not to smoke. We're going to keep working to build upon bipartisan support for these measures, and keep the pressure on Congress to pass a strong bipartisan bill this year. So long as 3000 young people start smoking every day, we're not letting Congress off the hook.

Background:

Next week, the state attorneys general will meet to consider a possible new agreement between the states and the tobacco industry. The industry is interested in a new "state-only" deal that would give the states the \$200 billion over 25 years they negotiated last year in return for settling the state cases. No federal or state legislation would be required. The deal would produce a price increase of 30-35 cents per pack, but would not say anything about FDA authority, farmers, lookback surcharges, or federal investments in research, counteradvertising, cessation and so on (although states would have substantial funds to invest in counteradvertising, tobacco education and prevention, etc.). The industry would agree to the advertising restrictions from the Minnesota settlement (no billboards or transit advertisements; no promotional products which bear the brand name, logo, or recognizable color or motto of a brand; no direct or indirect payments for product placements in movies) which are less than those required in the FDA rule (now tied up in court). Apart from settling the state cases, the industry would receive none of the liability protections of the June 20th agreement.

If such a deal materializes, we believe we should challenge Congress to finish the job by passing a streamlined bill that includes a smaller (e.g. 50-cent) tax increase to pay for targeted tax cuts (marriage penalty, long-term care), along with FDA authority, counteradvertising, and lookback surcharges.

Challenge Congress to
Streamline Bill

50¢ → Tax cuts (marriage penalty, LTC care)
→ FDA
→ Counter adv, smoking cessation
→ Lookback

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pages

THE WHITE HOUSE
WASHINGTON

Maria / Judy W
I showed with
author folder

PBS Panelists

BS

Sherman Alexie

7-13-98

BACKGROUND:

Sherman Alexie is a 32-year-old, Washington-state born, Native American poet, author, and filmmaker. He is an author of nine books including his most recent novel, *Indian Killer*. He is also a filmmaker, and he wrote the screenplay for "Smoke Signals," a highly acclaimed movie that won two awards at the Sundance Film Festival this year. "Smoke Signals" depicts the distances between people -- Indians and whites, reservation Indians and urban Indians, men and women -- and between contemporary Indians and the traditional figures from their past. Alexie is a Coeur d'Alene and Spokane Indian who grew up on the Spokane Indian Reservation in eastern Washington state. He is a very outspoken young American Indian who conveys the realities of contemporary Indian life through humor and going against conventional stereotypes of Indians. His work is based his own personal life, living on a reservation and in urban settings.

RELEVANT RACE-RELATED ISSUES:

- **Alexie focuses on youth and reservation life.** Alexie has a strong interest in the experiences of Indian youth today. This is expressed in his inclination to write from the point of view of young Indian characters.
- Most Americans don't understand the special governmental status of American Indians and Alaska Natives. This misunderstanding has created a host of concerns and issues about a basic understanding of our collective history, which Alexie has used as sources for his humor and writing.
- On a recent appearance on CNN, Alexie was described as controversial within Indian country because some American Indians feel that he has no right to comment about life on a reservation since he has not lived on a reservation in a long time and currently lives in Seattle, WA.

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maria
Judy W
Bowles

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THE WHITE HOUSE
WASHINGTON

July 11, 1998

Tab B - copied page 1 of
cover note + Rep Horn
letter to ~~Barnhardt~~,
Greenberger, Bowles

48

and Russian Media
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THE WHITE HOUSE
WASHINGTON

July 11, 1998

7-13-98

MEMORANDUM FOR THE PRESIDENT

FROM: PHIL CAPLAN *Phil*
SEAN MALONEY

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

- (A) **Foreign Broadcast Information Service Analysis on Recent Iran and Russian Media** -- forwarded by Sandy. *Iran*: Iranian media suggests recent U.S. overtures have reinvigorated debate in Iran on sensitive issues of U.S. relations; reactions have run the gamut, but most Iranian officials have expressed skepticism concerning U.S. intentions; moderates are calling for U.S. "deeds" and "actions" to prove our sincerity, such as releasing frozen assets or lifting sanctions; hardliners have focused on U.S. support for Israel as evidence nothing has changed. *Russia*: Kremlin officials/official press have welcomed your decision to travel to Moscow in September; commercial press viewed the decision favorably but warned U.S.-Russian relations were in a dangerous state.
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7-13-98
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HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

STEPHEN HORN
THIRTY-EIGHTH DISTRICT
CALIFORNIA

July 9, 1998
Re: Y2K

Dear Mr. President -

Attached are some comments
that I promised you before you
left for China. I look forward
to your remarks by writers who
are more polished than a
member of the House.

Best always,

The Honorable
William Jefferson Clinton
The White House

✓ EB - Fgt - Rg

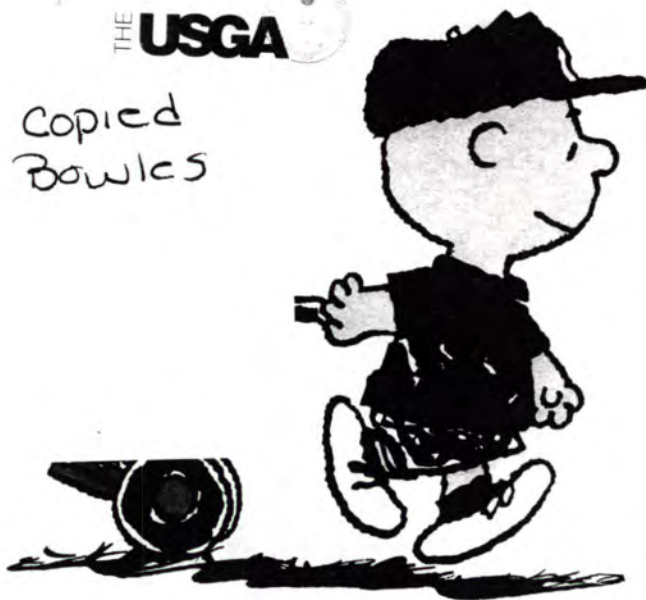
7-13-98

A CALL TO FEET

Golf Is a Walking Game

THE USGA

Copied
Bowles



A CALL TO FEET
Golf Is a Walking Game

Foreword

The United States Golf Association believes that walking is an integral part of the game. To reverse the inexcusable trend of riding in carts without a legitimate health concern, the USGA offers this publication so that the apparently forgotten merits of walking can be rediscovered.

The USGA wishes to thank Charles M. Schulz for generously providing the illustrations for this booklet. The drawings of *Peanuts* characters by Charles M. Schulz are copyrighted by United Feature Syndicate, Inc. and may only be reproduced with permission.

Chapter I

THE GAME'S AFOOT



For hundreds of years people walked while playing golf without thinking twice about doing so. Why should it be different today?

1. Play the game the way it was meant to be played. If you're not walking, you're not playing golf. You might be playing "cart-ball," but it's not golf.

2. Enjoy the benefits from the exercise. It's been estimated that "walking with a light bag, pullcart or caddie provides *twice* the benefit of caloric expenditure as riding a cart."¹ Another study found that "walking the golf course significantly reduced the low-density lipoprotein cholesterol levels and improved the ratio of total cholesterol to high-density lipoprotein cholesterol."²

3. Enjoy the course more. A player who rides between strokes cannot fully appreciate the quality and beauty of the course.

4. Enjoy the company of your opponents or fellow-competitors. In a four-ball match in which each side rides in a cart, the opposing players are rarely able to exchange more than a sentence at a time.

5. Play better. Golf is a game of rhythm, and its rhythmical character and the ability to concentrate are enhanced by walking. On the Senior PGA Tour, Arnold Palmer, Jack Nicklaus and Gary Player all choose to walk. There must be a reason.



THE SCOURGE OF CART GOLF

Now think about the problems that golf carts have brought to the game:



1. Cart paths. These paths intrude on the natural beauty of the course, deflect golf balls into places they ordinarily would not have gone and can create Rules of Golf problems. With one exception, Pebble Beach, no great golf course has a complete network of paved cart paths. This is not a coincidence; rather, a lack of paths contributes to a course's greatness. Can you

imagine Augusta National with a river of concrete along each hole?

2. Distractions. A cart from one's own group seems always to be in motion when critical strokes are being played. The carts remind us of the asphalt jungle we came to the golf course to escape. The ultimate distraction is the gasoline-powered cart, which also fouls the atmosphere with fumes and noise.

3. Damage to the golf course. Think how much better condition your course would be in if carts were not allowed. There'd be no unseemly tire tracks running across the turf. There'd be no cart paths to install and maintain. And you'd see fewer areas of bare ground resulting from wear-and-tear caused by constant cart traffic.

4. Danger. There are many accidents each year involving severe injuries and death to users of golf carts.

5. The loss of the caddie. The player-caddie relationship is a unique one in sports and should not be abandoned. More important, potential caddies are deprived of a good opportunity. As a caddie,



a person can acquire good work habits and social skills that will serve him throughout life. Caddieing also provides understanding and appreciation of—and ultimately, access to—playing the game. Some of golf's greatest players, as well as some of the world's most successful business executives, emerged from the caddie ranks.

The only justifiable utility of carts is that they allow people to play golf who otherwise would not be able to play because of a physical condition. These golfers are not the problem. They are a negligible minority of cart users. The problem is caused by the gross number of healthy people transporting themselves around golf courses in carts. Properly operated golf courses require a request from a doctor to allow a player to use a cart.

Chapter II

MYTHS ABOUT CARTS

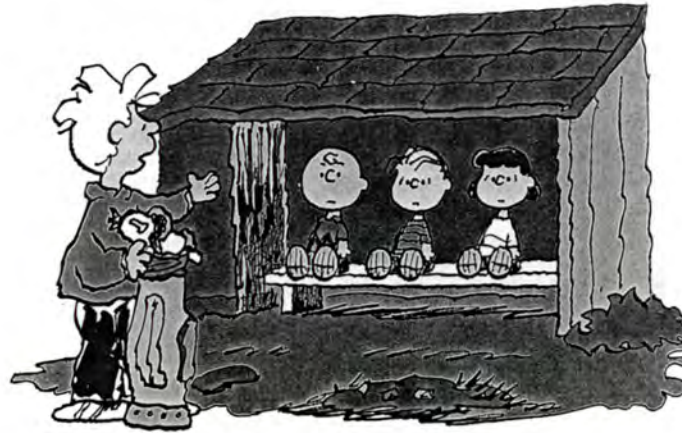
1. Carts lead to a faster pace of play.

This is true only if carts are free to spread out across the course. If carts are restricted to paths, however, a study has shown that walking is faster.³

2. Carts result in tremendous economic gain to the course. Think about the costs involved in keeping a fleet of carts: purchase or lease price, maintenance, labor costs (salary, insurance, possibly pension) of employees who handle the carts; fuel, a building to house the carts, damage to the course due to compaction, and the construction and repair of cart paths. Some courses also purchase insurance against theft and casualty.

These costs would suggest that cart rental fees should be more than caddie fees. However, this is rarely the case. This discrepancy between the actual cost and charged fee for carts has played a large role in the demise of caddies. When forced to choose between taking a caddie and riding

in a cart, a player will often opt for the less expensive. If the actual costs of caddies and carts were reflected in the fees, more people would take caddies.



3. Carts are an economic necessity.

How can anything so utterly destructive of a game be justified as a necessity? Look at other countries in which golf is extremely popular, such as Scotland. There might well be fewer carts in all Scotland than at one American resort. However, the golf courses in Scotland are not on the verge of closing down. Is it any wonder that playing golf in Scotland is more enjoyable and less expensive?

Below are some of the perceived obstacles to resurrecting caddie programs:

1. Caddie programs can only survive at private clubs. It is true that many caddie programs are found at older, well-established clubs whose members can afford what others see as the "luxury" of a caddie. A look around America shows that caddie programs flourish wherever



administrators—and that includes golf professionals—believe that caddies are an asset to the game worth preserving. Private clubs, semiprivate clubs, public courses, municipal courses and resorts have successful caddie programs.

2. It costs more to take a caddie than to share a cart. As discussed earlier, this

would not be the case if the cart rental fees accurately reflected all the costs associated with operating carts.

3. A caddie program can lead to legal problems. The issue here is whether caddies are club employees or independent contractors. Traditionally, caddies always seemed to be the latter. The caddie worked when he wanted, was paid directly by the player and received a fee suggested by the caddiemaster, which could be supplemented by a tip. The golf course, by way of its caddiemaster, simply got the two parties together in an orderly fashion. Perhaps most important from a legal standpoint, the course did not benefit as a commercial operation.

Today some courses go a bit further, providing transportation, uniforms and meals. Unfortunately, their generosity might be penalized, because it gives the appearance that caddies are something no one intended: employees. That perception may lead to legal obligations that no golf course expected, by bringing into play statutes governing minimum wage, workers compensation, unemployment benefits, equal opportunity and personal injury liability. This quagmire of legal issues has developed despite the fact that

caddies in the 1990s form the same relationships with players and perform the same duties as their predecessors of a hundred years ago.

Unfortunately, we are not in a position to counsel golf courses on the state of the law as it affects caddies. First, the law evolves constantly. Second, every state is an independent jurisdiction with its own laws and legal decisions. The only counsel we can give courses is to seek their own counsel. Club attorneys and members who are legal professionals should be asked to keep a watchful eye for legislation, administrative rules and legal decisions that might impact a caddie program.

In any event, a properly structured caddie program should surmount the legal problems. The right and opportunity to play the game, as opposed to playing cart ball, should not be held hostage by the law.

There is not one specific caddie program that will work at each course. Rather, each course should develop one tailored to the needs of its players and to the course's environment (i.e., supply of young or older caddies, ease of transportation to the course, etc.).

Chapter III A GOLFER'S CREED



1. A golfer must never be forced to use a golf cart in order to play. He must always have the option of walking, using a caddie, carrying his own bag or using a hand-pulled or self-propelled cart.
2. Riding in a cart must not provide to the player an economic advantage over using a caddie.
3. Golf courses must be designed with walking in mind. (There is not a great course in the world that is impracticable to walk.)
4. Cart paths are not necessary.

Chapter IV

CADDIE PROGRAMS

Is it worth it to have a caddie program? Consider the following benefits:

1. Better golf. The caddie can provide something that seems to be paradoxical to individual competitions—a sense of team work. Aside from encouragement, a player's caddie is the only one who may give the player advice. How many golf carts can help you read greens? Having a caddie allows a player to concentrate more on golf, as the caddie will tend to the house-keeping chores such as raking bunkers and replacing divots.



2. Significant opportunities for the caddies. A caddie program will create more jobs for locals than a cart operation would. A caddie position can be a summer job or a career. As a summer job, it will develop the qualities and skills that will serve caddies in their final career choices. It also can provide access to the playing of the game that otherwise would not exist for a lot of young people. A good caddie program does more than merely put money in the caddies' pockets.

A caddie program can also play a major role in the progress of junior golf. It helps the game grow by giving youngsters an introduction to golf they might otherwise miss. Some of the game's greatest players started out as caddies—Ben Hogan, Byron Nelson, Jimmy Demaret, Walter Hagen, Gene Sarazen and Francis Ouimet. Hogan later gave credit to one of the club members for being an early influence on

his swing. It is not a coincidence that the caddie yard has produced fewer good players since the advent of the golf cart.

Caddie programs are not yet extinct. Some are actually thriving, most notably in the metropolitan areas of New York, Philadelphia, Minneapolis and Chicago. These successes prove that a good caddie program can exist in the 1990s.

Footnotes

1. Aubrey, W.: "Your Right to Walk," GOLF DIGEST, p. 102-104, May, 1990.
2. Palank, E.A. and Hargreaves, E.H.: "The Benefits of Walking the Golf Course," Phys Sportsmed 18: p. 77-80, 1990.
3. Knuth, D.: Pace Rating Survey, USGA, 1993.

For more information, contact USGA Walking Program, Golf House, Far Hills, N.J. 07931, or call 908-234-2300.

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TWA, Pil

Associated Press

ST. LOUIS, July 12—TWA pilots tentatively agreed on a four-year contract after a year of negotiations with Trans World Airlines. Officials said significant pay raises were involved, but details were disclosed. The pact would give pilots on the way to salary parity with pilots at other major airlines.

TO BURKHARDT
FOR REPLY

read of the pilots contract "a good pilots." He said the d by membership, e three weeks. otations, nobody tpletely satis ice president th sides got ted to get, wages they got put them or path to parity."

Negotiations had dragged on since June 1997 and the pilots had set two deadlines while threatening work stoppages. Late last month TWA canceled 30 flights on one weekend, but it

fly under federal regulations. TWA pilots of narrow-body jets make \$103 an hour and pilots of wide-body jets make \$110 an hour, as much as 40 percent less than the industry average. All TWA employees have financial concessions. A went through two reorganizations, which is based in Mount, still must reach agreement with machinists, flight attendants.

on New Contract After a Year of Ne

7.13.98

Potus wants to
Send letters to
families. B a

nine-hour standoff on a scorching summer day, they gave Souza 10 minutes to give up. Nine minutes later, he killed his 8-year-old son, his 5-year-old daughter and himself.

Martha's Vineyard Is Scene of Rare Murder

OAK BLUFFS, Mass.—A local businessman was fatally stabbed in the first killing on Martha's Vineyard in 20 years, and his father died after suffering an apparent heart attack while rushing to his side.

Troy A. Toon, 24, of Boston, was jailed Saturday in connection with the killing.

Neighbors reported a disturbance early Saturday near an auto repair business run by Gary Moreis, 37, and police found him collapsed nearby. Moreis's father, Peter, 66, collapsed as he rushed to see his injured son. The elder Moreis died less than two hours later and his son died after being taken to Boston Medical Center.

Police said they know of no prior connection between Moreis and Toon.

The last homicide on Martha's Vineyard was in 1978 in Edgartown, when Duane N. Brady, 19, shot his father, the Rev. D. Norman Brady. He was found not guilty by reason of insanity and sent to Bridgewater State Hospital, where he later committed suicide.

Penn State Student Rioting Trashes Town

STATE COLLEGE, Pa.—Penn State students and others hitting the streets as bars closed early yesterday erupted into a riotous frenzy, clashing with police, setting bonfires, vandalizing cars and smashing storefront windows with street-light poles torn down by the mob.

Fourteen police officers were hurt in the 2½ hours of rioting by as many as 1,500 people, authorities said. Three storefronts and 33 street lights were damaged. No looting was reported, although property damage was estimated at \$50,000.

University police held 24 people, including at least 11 Penn State students, on charges including resisting arrest and disorderly conduct.

—From news services

July 10, 1998

7-13-98

RECOMMENDED TELEPHONE CALL

TO: Dr. Frederick "Fred" Humphries

DATE: July 10, 1998

FROM: Craig T. Smith and Craig Hughes

PURPOSE: To encourage Fred to run for Education Commissioner for the State of Florida.

98 JUL 10 PM 2:30

BACKGROUND: Incumbent Republican Frank Brogan is vacating the position to become Jeb Bush's running mate. While **YOU** were in Florida, **YOU** promised Buddy MacKay you would make the call and encourage Humphries to run.

Dr. Humphries has been successful in reestablishing Florida A&M as one of the nation's premier higher learning institutions since he joined the University in 1985.

Humphries also serves on numerous boards, including the State Board of Education Advisory Committee on Education of Blacks in Florida (chairperson), National Association of Equal Opportunity Board of Directors (chairperson), and recently was appointed by **YOU** to the White House Advisory Committee on Historically Black Colleges and Universities.

His son, Fred, jr., is currently working for Minority Leader Gephardt. He previously served as Political Director for Clinton/Gore '96 in New Jersey, Southern Political Director at the DNC, and also worked on Clinton/Gore '92 in his home state of Tennessee.

TOPICS OF DISCUSSION: 1. I think you would make an outstanding Education Commissioner for the State of Florida.

2. We have a great team in Buddy MacKay and Rick Dantzler, and you would be a huge boost for the entire Democratic ticket.

CONTACT PERSONS &

TELEPHONE NUMBERS: Office: 850-599-3225

Darrell Jones will connect you to Dr. Humphries, who is on travel today.

copied
Smith
Hughes
Bowles

DATE OF SUBMISSION: July 10, 1998

ACTION:



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

July 2, 1998

copied
Lew
Bowles

THE DIRECTOR

MEMORANDUM FOR THE PRESIDENT

7-13-98

FROM: Jacob J. Lew
Acting Director

SUBJECT: **Health Benefits for Filipino Veterans -- Decision**

You asked us to reconsider the earlier decision not to propose additional VA health benefits for Filipino World War II veterans living in the U.S. Of the veterans at issue, the 1,250 Filipino veterans with service connected disabilities can receive care, but only for their specific disability and with a low priority on a space-available basis; the remainder are entirely ineligible. Although there is some excess capacity at VA health facilities on the West Coast, providing any additional health benefits would require legislation and would involve additional costs to the VA. This legislation would be strongly opposed by veterans service organizations and the Congressional veterans committees.

Present Situation. Under current law, the 650 Filipinos living in the U.S. who served in the Old Scouts are treated as U.S. veterans for health care and all other VA benefits. At issue are the 17,000 U.S.-based veterans of the New Scouts, the Philippine Commonwealth Army and recognized guerilla groups. Of these 1,250 have service-connected disabilities and receive monthly compensation payments. (Your FY99 Budget proposed that they receive the full compensation benefit, versus the 50 percent benefit they presently receive.) They are authorized to receive VA medical services, but by statute are in the lowest priority category for care in VA medical facilities and treatment is restricted to their specific disabilities. The 15,750 other Filipino veterans in the U.S. who do not have service-connected disabilities are not eligible for *any* VA health services.

By contrast, U.S. veterans with service-connected disabilities receive VA medical services for any ailment, regardless of whether it is related to their service-connected disability. These veterans are in the top three statutory priority categories for care. U.S. veterans who do not have a service-connected condition are also eligible for VA health care for any condition, although they are lower priority and overall VA health care resources are limited.

Legislative & Funding Requirements for Expanded Eligibility. While there is excess capacity in some VA medical facilities, the concentration of Filipino veterans in California and Hawaii exceeds the ability of facilities there to absorb this new workload within existing funding/staffing levels. VA estimates that it would cost \$30 million annually (\$150 million over five years) to care for all Filipino veterans in the U.S. (The current annual VA health care appropriation is \$17 billion.)

7-13-99

Any change to authorize the VA to treat Filipino veterans' non-service-connected disabilities would require legislation. Since VA medical care is discretionary, this authorization would not necessarily require additional funding. However, Congress and the veterans organizations would view it as displacing resources for U.S. veterans, whether we proposed an increase or not.

RECOMMENDATION

The VA believes strongly that the Administration should stay with its proposal to improve disability compensation and not propose any improvements in health benefits for Filipino veterans. We concur. Such legislation would have little chance of passage. Even proposing it would stir strong opposition, at a time when the veterans community is still angry about the elimination of VA tobacco benefits.

DECISION

- ☒ No change in health benefits
- ☐ Provide Filipino veterans living in the U.S. the same health benefits as U.S. veterans
- ☐ Let's discuss

'98 JUL 13 PM7:42



United Motor Company, Inc.

1105 Deer St. Phone: 329-2861

CONWAY, ARKANSAS 72032

Little Rock Telephone: 375-6105

FAX Cover Sheet



7-13-98

Date 7

To Burkhardt for reply?
Yes ☒ No ☐
B.

TO: Nancy Hernre

FROM: Joe Whit

PAGES: 2 (Including This Page)

UNITED MOTOR COMPANY FAX # 501-327-5155

UNITED MOTOR COMPANY, INC MAILING ADDRESS:

United Motor Company, Inc.
P.O. Box 1330
Conway, AR 72033

Please pass this along to
the proper office. Yours is the
only FAX # that I have.
Thanks,

'98 JUL 13 PM 7:42

**United Motor Company, Inc.**

1105 Deer St. Phone: 329-2661
CONWAY, ARKANSAS 72032
Little Rock Telephone: 375-6105

FAX Cover Sheet

Date 7/13/98TO: Nancy HernreichFROM: Joe WhitePAGES: 2 (Including This Page)

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Thanks,

Sun July 12, 1998

Appears On Page A7

Circulation: 650,000

Newsday

Few Hispanics in Top U.S. Posts

LOS ANGELES TIMES

At a time when Hispanic influence is growing in national politics, the ranks of Hispanic leadership at the national level remains strikingly thin.

There have been no Hispanics in the 100-member U.S. Senate since New Mexico Democrat Joseph Montoya was defeated in 1976.

There are only 18 Hispanic members of the 435-seat House of Representatives, 11 of them from just two states, Texas and California. New York has two — Reps. Nydia Velazquez (D-Brooklyn) and Jose Serrano (D-Bronx). By contrast, blacks, who make up about the same share of the national population, hold 39 seats.

In the Clinton administration, UN Ambassador Bill Richardson will be the sole Hispanic in the president's 14-member Cabinet, provided that his nomination as energy secretary wins

Senate confirmation as expected. That compares with two Hispanic members of the Cabinet in Clinton's first term, Transportation Secretary Federico Pena and Housing and Urban Development Secretary Henry Cisneros.

With Hispanics now the country's fastest-growing ethnic group — their number is expected to more than double in 50 years — the question of representation is a little touchy, especially for a president re-elected with 71 percent Hispanic support.

For example, Pena, the former transportation secretary, wanted to leave Washington last year but instead became energy secretary after pressure was applied by Hispanic groups angry at losing a Cabinet voice. Richardson was nominated earlier this month to replace Pena.

As the game of musical Cabinet chairs suggests, the Clinton adminis-

tration is highly sensitive to questions of inclusion and diversity.

"We've worked harder on this and more on this than any administration in history," said Ron Klain, chief of staff to Vice President Al Gore, whom activists credit with being particularly aggressive in recruitment efforts as he prepares to run for president in 2000.

Experts cite mostly empirical reasons for why more Hispanics aren't serving in top national jobs. One explanation starts with the highly concentrated nature of the Hispanic population.

There are about 28.3 million Hispanics in the United States, according to July, 1996, census figures. More than half live in California and Texas. The result is considerable clout in the nation's two most populous states and considerably less everywhere else.

Further diluting Hispanic clout are internal differences that belie the

catch-all Hispanic label. Republican-leaning Cuban Americans in Florida, mostly Democratic Puerto Ricans in New York and Mexican Americans in the Southwest "share a lot of commonalities," said John Garcia, a University of Arizona expert on Hispanic politics. "But there are some real distinctions," and often fierce competition over political plums is intense because the fighting is over a small piece of the pie.

Arguably the most important reason for Hispanics' low profile on the national scene is the most prosaic. Hispanics are a young community: The median age is 26.4, compared with 34.6 for the overall population. Many are not citizens or not yet eligible to vote, shrinking the most obvious base of support for fledgling candidates. Only about 6.6 million Hispanics — or roughly one in four — were registered to vote as of the last estimate in November, 1996.

NEWSDAY, SUNDAY, JULY 12, 1998

12/12