to Chron

Sandy
pretty tough
BC

THE PRESIDENT HAS SEEN
9-29-98

9/29/98

We will send original to Berger after you have seen —

cc COS
RM
Chron —

Carol

REPORT

Center for Monitoring The impact of Peace

Palestinian Authority School Text Books

The **C**enter for **M**onitoring the **I**mpact of **P**eace

Visit the center's website:

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"Peace does not lie in charters and covenants alone. It lies in the hearts and minds of the people."
John F. Kennedy

CENTER FOR MONITORING
THE IMPACT OF PEACE

REPORT

Palestinian Authority School Text Books

Contents:

1. The portrayal of Jews and Israel
    a. Abusive Terminology
    b. The evil enemy
    c. Denial of Legitimacy
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98 SEP 29 A10:...

9-29-98

See Note to Gene S

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

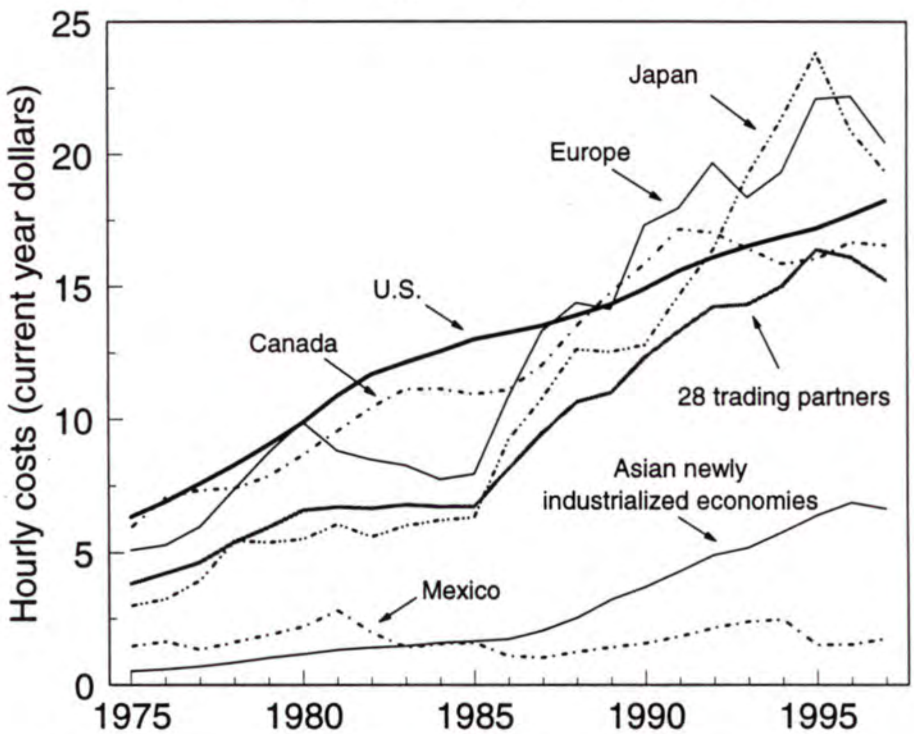
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

September 25, 1998

copied entire report Yellen/COS
page 9: Sperling/COS

CHART OF THE WEEK

Manufacturing Compensation Costs



The gap between the hourly labor compensation costs of U.S. manufacturers and those of a weighted average of 28 U.S. trading partners widened in 1997. The major reason was the strength of the dollar, according to the Bureau of Labor Statistics, which compiled the data. European and Japanese costs, by contrast, fell closer to U.S. levels.

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CURRENT DEVELOPMENT

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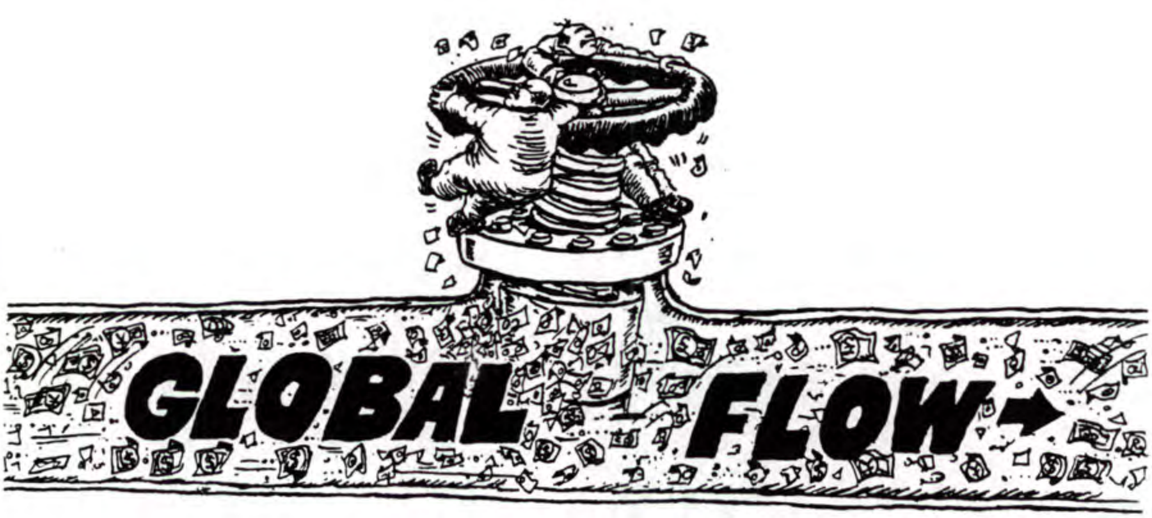
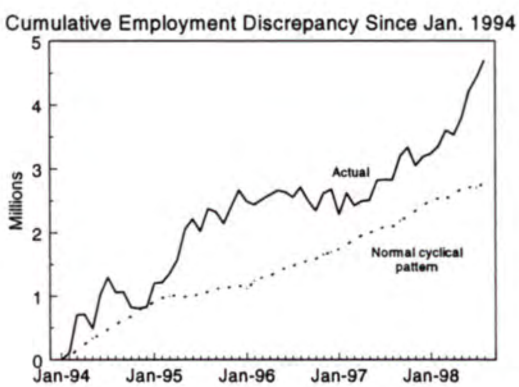


How Many Jobs Have Been Created?

Firms report that they have added 13.9 million jobs since January 1994—4.7 million more than the employment growth reported by households over the same period (see upper chart). What accounts for this discrepancy?



Methodology. The payroll survey collects information from nonfarm employers, whereas the household survey interviews one person from each household about the activities of all the members of that household. Those who hold more than one job are counted once in the household survey but more than once in the payroll survey.

In addition, agricultural, self-employed, private household, and unpaid family workers are counted in the household but not in the payroll survey; and those under 16 are counted in the payroll but not in the household survey. The household survey includes auxiliary questions, including one on multiple jobholders, that can help reconcile the two surveys. But after converting the household survey to the payroll concept, the gap between the two surveys, at 3.8 million, remains wide.

Cyclical differences. The tendency of payroll job increases to outpace household employment growth during good times is nothing new, although the explanation for this cyclical pattern is not clear. It may be that the true number of multiple jobholders is increasing faster than what is implied by responses to the question on the household survey. Or it may have something to do with illegal immigration or some other factor. Whatever the explanation, once the cyclical pattern is removed, the discrepancy shrinks to 1.9 million (see lower chart).

The last 12 months. Neither the methodological differences nor the cyclical pattern explain the growth in the discrepancy over the past 12 months. Over this period, the payroll survey is still subject to revision because it has not yet been benchmarked to the unemployment tax system. The unexplained slower growth in household employment suggests a downward revision of payroll employment at the time of next year's benchmark.

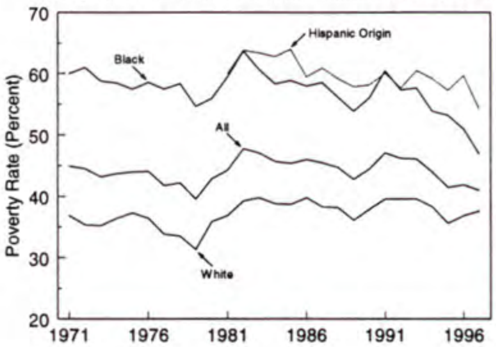
SPECIAL ANALYSIS

Looking Beneath the Aggregate Income and Poverty Data

New data on income and poverty released this week show a rise in real median household income of 1.9 percent and a drop in the poverty rate to 13.3 percent. Gains among the traditionally disadvantaged were particularly noteworthy.

Large gains for female-headed households with children. Historically, the poverty rate has been extremely high for female-headed families with children, and the rate remained high in 1997 (41.0 percent compared with 15.7 percent for all families). But female-headed families with children have shown substantial improvements in recent years. The rate for all such families is the lowest it has been since 1979, and the rates for black and Hispanic families are the lowest on record (see chart). These are the families most likely to be affected by welfare reform, and it will be important to monitor their well-being in coming years.

Poverty Rates of Female-Headed Families with Children



Issues in poverty measurement. Problems with the official poverty measure that are currently under review by the Administration are particularly acute for female-headed families with children. Such families are disproportionately likely to receive the EITC, food stamps, Medicaid, or housing assistance, and they typically have work expenses, particularly child care costs. The National Research Council's recommended alternative poverty measure would reflect these additional sources of income and expenditure in measuring the well-being of families. This spring the Census Bureau is scheduled to release unofficial poverty estimates based on this alternative measure.

Central cities share in the progress. Poverty in the central city remained high at 18.8 percent (compared with 9.0 percent in metropolitan areas outside of central cities and 15.9 percent in non-metropolitan areas). The good news is that, although still high, the central city poverty rate fell nearly a full point in 1997 and economic gains were substantial in central cities within larger metropolitan areas. Median family income for central city residents grew by 3.9 percent within metropolitan areas of at least one million people and 2.0 percent for smaller metropolitan areas.

Poverty continues to fall among foreign-born residents. Data that are available only since 1994 show declines in the poverty rate from 22.6 percent in 1994 to 19.9 percent in 1997 for foreign-born residents (compared with a decline from 13.8 to 12.5 percent for the native-born). The rate among naturalized citizens was an even lower 11.4 percent in 1997.

Income deficit remains high for most poor families. Despite the fall in the poverty rate, the income of many poor families is substantially below the poverty threshold. Five percent of families needed only $500 of additional income to be lifted out of poverty in 1997, and 9.4 percent needed less than $1,000. However, over half of families in poverty needed at least $5,000 to reach the poverty line, and the average poverty gap was $6,602.

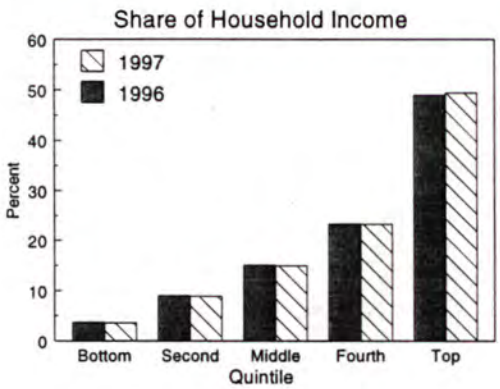
The role of the economy. Many factors have probably contributed to the recent gain in income and reduction in poverty, but one stands out—growth in the overall economy. The poverty rate tends to rise during recessions and fall during expansions. According to a simple model based on historical relationships, economic gains over the past year should have reduced the poverty rate by between 0.3 and 0.5 percentage point. The actual decline of 0.5 point was at the top of this range.

SPECIAL ANALYSIS

Big Gains for Lower-Income Groups but No Less Inequality

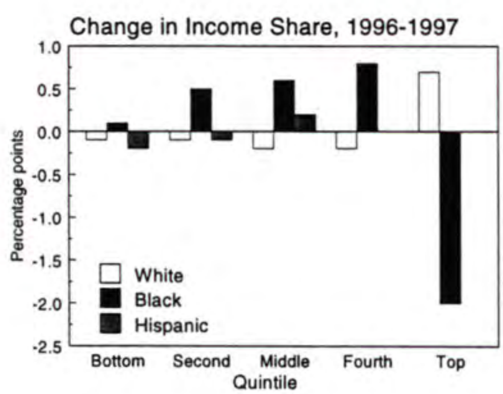
Low-income groups experienced particularly large income gains in 1997, yet measures of income inequality increased. What explains these divergent trends?

Changes in 1997. Real median household income rose by 4.3 percent for blacks and by 4.5 percent for Hispanics between 1996 and 1997, compared with a 1.9 percent increase in overall median household income. Other groups with median household incomes below the overall median of $37,005 also experienced disproportionate gains, including family households headed by single females and elderly households (both up 4.4 percent), Southern households (up 3.6 percent), and those in central cities of metropolitan areas with at least a million people (up 3.1 percent). Meanwhile, the share of household income received by each of the bottom four quintiles fell by 0.1 percentage point, while the share received by the top 20 percent grew by 0.4 percentage point (see upper chart).



Analysis. Three factors might explain why disproportionate gains for lower-income groups did not translate into reduced overall inequality.

- Share shifts. If the proportion of the population belonging to the lower-income groups were growing fast enough, the increasing weight attached to their below-average *level* of income could increase overall inequality. This cannot be a large part of the story, however, because 1-year shifts in population shares are quite small. For instance, Hispanic households went from 8.1 to 8.4 percent of all households between 1996 and 1997, and the South's share of households grew from 35.3 to 35.7 percent.



- Inequality within lower-income groups. If inequality increased *within* the lower-income groups, that would also tend to increase overall inequality. However, the little information we have suggests that this is probably not the explanation either. For blacks, inequality *decreased* between 1996 and 1997, with the share of income rising in the lower four quintiles and falling at the top (see lower chart on previous page). For Hispanics, there was some redistribution from the first and second quintiles to the middle quintile, but no change in the share of the top two quintiles.

- Inequality within higher-income groups. Increasing inequality in the *rest* of the population is probably the reason why overall inequality did not diminish. Published data do not exist for the relevant group (non-elderly, non-single mother, non-Hispanic white households living in smaller metropolitan areas and suburbs outside the South), which constitutes a considerable part of the population. But the change in the distribution for white households is suggestive, with the share of aggregate white household income *falling* for each of the bottom four quintiles and *rising* for the top.

Conclusion. Although lower-income groups experienced disproportionate increases in median household income between 1996 and 1997, large gains at the top for other groups contributed to a modest increase in overall inequality.

ARTICLE

A New Deal for Russia?

Like the United States in the Great Depression, Russia currently faces a severe economic crisis with widespread distress. This makes it understandable that Prime Minister Primakov would draw parallels between his plans for increased state intervention in the Russian economy and the New Deal. But such comparisons should be approached cautiously.

Different macroeconomic conditions. The major macroeconomic problem facing the United States in the Great Depression was a sharp drop in aggregate demand. Output in 1933 was nearly 30 percent below its 1929 level, the unemployment rate was almost 25 percent, and prices were falling. In Russia, by contrast, the major macroeconomic problem is a breakdown of the supply side of the economy. The sharp drop in output after 1989 reflected a costly adjustment from a planned toward a market-oriented economy rather than a sharp drop in aggregate demand. There are idle and unpaid workers in Russia today, but the supply-side problems that continue to plague the economy suggest that aggressive demand stimulus would simply aggravate inflation.

What happened during the New Deal? The New Deal transformed America's view of the proper role of government in managing the economy. But modern economic historians question how much it contributed to pulling the economy out of the Great Depression.

- Overall macroeconomic stimulus. Because Russia's macroeconomic conditions are so different, there are few lessons from New Deal macroeconomic policy. It is worth noting, however, that even though Keynesian analysis was forged in the crucible of the Great Depression, U.S. fiscal policy did not really follow the Keynesian prescription until the onset of World War II. The Federal budget remained in surplus through 1930. The subsequent widening of the deficit mostly reflected falling economic activity rather than active fiscal expansion. (The structural balance may actually have been in surplus.)

- Public spending. Although growth in Federal outlays during the New Deal paled in comparison with the size of the output gap (and in comparison with subsequent wartime spending), it was nevertheless substantial. Spending included direct employment (such as the Civilian Conservation Corps and the Works Progress Administration), public investment (particularly for public power and rural electrification), and farm price supports. The Federal Government also took increased responsibility for the social safety net, creating national unemployment compensation, welfare, and social security programs. Whatever the merits of these policies, however, the unemployment rate remained well above 10 percent until 1941.

- Microeconomic intervention. The New Deal entailed substantial government intervention in specific industries and sectors, not always to good effect. For example, the *de facto* suspension of antitrust prohibitions against price fixing at the heart of the National Industrial Recovery Act of 1933 was almost surely misguided. In retrospect, extending existing price and entry regulation to trucking and airlines was probably unnecessary and inefficient. Thus, it would probably be a mistake for Russia to emulate elements of the New Deal that tried to "manage" competition.

- Banking and Financial reform. FDR took office amidst a wave of bank runs and bank failures. A bank holiday was declared in March 1933 and solvent national banks were subsequently reopened with temporary Federal deposit insurance. The Nation was effectively taken off the gold standard, and a number of financial and securities reforms were enacted. Like so many other New Deal policies, these actions represented a mixed bag of "try anything" emergency measures and longer-term reforms. Among the latter, the most enduring are probably ones like the creation of the Securities and Exchange Commission that created institutions to increase confidence in markets and make them work better.

Conclusion. The New Deal was neither a consistent nor a comprehensive plan. Neither did it pull the economy out of the Great Depression. But to judge it only on economic grounds is to miss its political and social significance. FDR's bold experimentation and balancing of conflicting interests kept the country together through a period of severe economic distress and laid the groundwork for the mixed economy that produced a doubling of living standards in the first generation following the end of World War II.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Colleges Seen as Places to Learn about Diversity. The major findings of the new book by Derek Bok and William Bowen, *The Shape of the River*, have been widely reported: blacks who graduate from elite colleges earn advanced degrees at the same rates as their white counterparts, and they tend to be more active than their white classmates in civic activities. An important finding that received less attention is the increased percentage of graduates who felt that their colleges contributed "a great deal" to their ability to work effectively and get along with people of different races and cultures—a 16 percentage-point increase between 1976 and 1989 for both black and white cohorts (to 46 percent in 1989 among blacks and to 34 percent in 1989 among whites). A similar increase was found for a question regarding the ability to have good rapport with people holding different beliefs. The authors posit that students may be increasingly aware of the importance of learning to get along with a wide range of people, and are taking better advantage of opportunities to learn this in college. The authors also suggest that colleges may be becoming more adept at creating an environment in which students can learn from classmates who are different from themselves.

Traditional South Gets "All Shook Up." The historically black/white, mostly Protestant, native-born South is rapidly becoming a multi-ethnic society, according to a new study. Whereas whites made up 76 percent of the population 20 years ago, that percentage is down to 68; meanwhile the percentage of Hispanics has jumped from 5 to 11. Although most Hispanics in the South live in Florida or Texas, the six counties with the most rapid growth in their Hispanic populations are in Georgia, North Carolina, Virginia, and Arkansas. Just from 1990 to 1997, the Asian population in the South increased 42 percent, from 1.2 to 1.7 million. The South also contains the five counties with fastest growing Asian populations in the country. The educational attainment of immigrants to the South has been bifurcated: the proportion of foreign-born immigrants with at least a bachelor's degree is higher than that of all Southerners, but the proportion lacking a high school diploma is also higher. The South has also become less rural: seven in 10 Southerners live in a metropolitan area, and three-quarters of the region's jobs are in those areas.

Survey Examines Work-Related Trends. Despite low unemployment and strong economic growth, many Americans are still concerned about their economic security, according to a new quarterly nationwide survey of workers or those actively looking for work. In particular, 59 percent of Americans reported that they were very concerned about job security for workers in general, although 55 percent reported being very satisfied with the security of their own job. Nearly four in ten (39 percent) rated the ability to balance work and family as an extremely important factor for a job, followed by health and medical insurance (38 percent), job security (33 percent), and income (33 percent). About 75 percent of respondents said that it is very or extremely important for the government to provide financial assistance for skills training, basic education, and college, and 88 percent think it is very or extremely important for government to improve the quality of education in schools.

9-29-98

INTERNATIONAL ROUNDUP

IMF Offers New Assessment of Capital Market Liberalization. The International Monetary Fund expresses some support for controls on inward movements of capital in its latest annual report on international capital markets. This is noteworthy, considering the IMF's past strong support for open financial markets. The report also reveals that total net private inflows fell 28 percent in 1997, while inflows to Asia plummeted by 87 percent—the first decline in those inflows since 1992. (According to a press report, private capital may now even be flowing out of emerging markets.) The report draws three broad conclusions about financial liberalization. First, strong financial sectors are essential, particularly strong and sound banking systems. Second, despite the large potential benefits derived from global capital makets, critical preconditions need to be met before countries open their capital accounts, and the sequencing of liberalization must be carefully considered. Third, transparency and the timely availability of accurate information are crucial. One clear les drawn from the Asian crisis is that unique problems arise when domestic banks the key intermediaries for volatile capital flows. The report identifies combination of a weak banking system and an open capital account as "an accic waiting to happen." It also recognizes that restrictions on short-term capital flo such as those established by Chile, might be necessary given that there are limit the pace at which financial sectors can be strengthened. As the report nc however, it can be difficult differentiating between short- and long-term caj flows, due to both data and conceptual problems. In addition, controls are substitutes for reform of the underlying financial sector. In fact, certain caj controls might have contributed to the crisis (particularly those that discouraged foreign purchases of long-term securities) by channeling foreign investment through domestic banks.

Gene's Fyi — This is good BC

Blair Calls for Overhaul of the International Financial System. In a speech Monday, British Prime Minister Tony Blair called for "a new Bretton Woods for the next millennium." He challenged heads of state, finance ministers, international financial institutions, and outside experts to develop the necessary reforms within one year, so that the new institutions would be in place by the year 2000. Blair proposed several measures to deal immediately with the financial crisis. He called on the world's major economies to coordinate macroeconomic policy to ensure that growth is sustained. He also emphasized the urgent need for fiscal action in Japan to boost domestic demand. Urging swift action to provide the IMF with resources to support countries pursuing sound economic policy, he concluded with an exhortation against short-term measures alone. In his view, the 54-year old Bretton Woods institutions, built for a world of fixed exchange rates, capital controls, and smaller international capital flows, are now outdated. Current conditions require greater transparency and improved information transfers among government, the private sector, and the international institutions themselves. Finally, Blair said, open world capital markets require an international lender of last resort, a role that the IMF currently does not and cannot play.

Gene Why wouldn't you guys use this stuff? I don't get it! BC

RELEASES THIS WEEK

Gross Domestic Product

According to revised estimates, real gross domestic product grew at an annual rate of 1.8 percent in the second quarter.

Advance Durable Orders

Advance estimates show that new orders for durable goods increased 1.6 percent in August, following an increase of 1.9 percent in July.

MAJOR RELEASES NEXT WEEK

Consumer Confidence—Conference Board (Tuesday)
Leading Indicators (Wednesday)
NAPM Report on Business (Thursday)
Employment (Friday)

U.S. ECONOMIC STATISTICS

	1970-1993	1997	1997:4	1998:1	1998:2
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	3.8	3.0	5.5	**1.8**
GDP chain-type price index	5.4	1.7	1.1	0.9	**0.9**
Nonfarm business (NFB) sector:					
Productivity (chain-type)	1.5	1.7	0.9	3.5	0.1
Real compensation per hour:					
Using CPI	0.6	1.9	2.8	4.1	2.0
Using NFB deflator	1.3	2.0	3.9	4.3	3.4
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.6	10.7	11.0	11.2
Residential investment	4.5	4.0	4.1	4.2	4.3
Exports	8.2	11.9	12.0	11.6	11.3
Imports	9.2	13.1	13.2	13.1	**13.1**
Personal saving	5.2	1.5	1.2	0.9	**0.3**
Federal surplus	-2.7	-0.3	0.0	0.7	0.9

	1970-1993	1997	June 1998	July 1998	August 1998
Unemployment Rate (percent)	6.7**	4.9**	4.5	4.5	4.5
Payroll employment (thousands)					
increase per month			189	68	365
increase since Jan. 1993					16682
Inflation (percent per period)					
CPI	5.8	1.7	0.1	0.2	0.2
PPI-Finished goods	5.0	-1.2	-0.1	0.2	-0.4

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

New or revised data in **boldface**.

FINANCIAL STATISTICS

	1996	1997	July 1998	August 1998	Sept. 24, 1998
Dow-Jones Industrial Average	5743	7441	9097	8479	8002
Interest Rates (percent per annum)					
3-month T-bill	5.01	5.06	4.96	4.90	4.44
10-year T-bond	6.44	6.35	5.46	5.34	4.64
Mortgage rate, 30-year fixed	7.80	7.60	6.95	6.92	6.64
Prime rate	8.27	8.44	8.50	8.50	8.50

INTERNATIONAL STATISTICS

Exchange Rates	**Current level September 24, 1998**	**Percent Change from** Week ago	Year ago
Deutschemark-Dollar	1.678	-0.4	-5.5
Yen-Dollar	135.3	2.6	12.4
Multilateral $ (Mar. 1973=100)	96.40	-0.0	-1.4

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	3.6 (Q2)	4.5 (Aug)	1.6 (Aug)
Canada	3.1 (Q2)	8.4 (Jul)	1.1 (Jul)
Japan	-1.8 (Q2)	4.2 (Jul)	-0.1 (Jul)
France	3.0 (Q2)	11.7 (Jul)	0.8 (Jul)
Germany	2.5 (Q2)	[2] 7.4 (Jul)	0.9 (Jul)
Italy	1.1 (Q2)	12.4 (Apr)	1.8 (Jul)
United Kingdom	2.6 (Q2)	6.3 (May)	3.5 (Jul)

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 July 1998 is 9.6 percent.

9-29-98

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copied Sperling COS

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Gene why wouldn't you give Gene Sperling this? I don't get it BC

4-24-98

THE WHITE HOUSE

WASHINGTON

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September 26, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Tobacco -- State Settlements and Federal Recoupment: Rumors about a state settlement with the tobacco companies continue to run rampant. We heard in the middle of last week that the states were only days away from wrapping up an agreement that would give them about $200 billion and a limited set of advertising restrictions. We heard on Friday, however, that new disputes had emerged and that there is not likely to be a settlement this week.

In preparation for a settlement, the NGA and NAAG are asking Congress to pass legislation extinguishing the federal government's claim to any share of the money that the companies will pay the states. (As you know, the federal government is entitled to an average of 57 percent of any state recovery of Medicaid expenditures; although the states will try to argue that the tobacco settlement is not -- or at least is not primarily-- a Medicaid recovery, the Justice Department will disagree strongly.) Governor Bush, who already has a settlement in hand, is pressing especially hard for this legislation.

During a meeting with Erskine last week, Governor Chiles urged the Administration to support compromise legislation on this subject, predicated on the agreement we reached with the NGA in the context of the McCain legislation. Under this approach, the federal government would relinquish its claim to a state recovery if but only if the state agrees to use half its money on a menu of seven items: child care, child welfare, the maternal and child health block grant, the substance abuse block grant, the safe and drug free schools program, Eisenhower education grants, and the state match for the children's health insurance program. Erskine, Secretary Shalala, Jack Lew, Bruce Lindsey, and we believe that this solution is a good one, and Erskine responded fairly positively to the proposal. Such legislation, however, would involve a serious budget issue, because the Congressional Budget Office currently scores the federal share of state tobacco recoveries as worth $1.2 billion over five years. Chiles apparently has a plan for the states to reimburse the federal government this amount, thereby making the legislation budget-neutral, but neither we nor OMB has yet seen his proposal.

agree

2. Health -- Medicare Managed Care Program: A number of major HMOs currently participating in the Medicare program are likely to pull out of select markets prior

9-29-98

to the October 1st plan enrollment deadline. As of this writing, we expect these defections to affect between 100,000 and 500,000 Medicare beneficiaries -- about five to seven percent of the five to six million beneficiaries participating in Medicare HMOs; these individuals will have to find a new HMO (if one is available) or return to traditional fee-for-service coverage. The HMOs will blame excessive regulation and inadequate payment rates for their actions. Many health economists, however, note that (1) most of these plans comply with similar regulations in the private sector, and (2) the plans are "cherry picking" among regions for those with the most generous payment rates and/or the largest HMO market shares.

The industry is now urging HHS to stop the anticipated exodus of plans from the Medicare program by allowing them to increase premiums or reduce benefits, particularly drug coverage. HHS is currently evaluating the effects of such action on HMO participation in the program, and will brief Erskine on Monday. In the meantime, we are consulting with key members of Congress and aging advocates (like AARP). Although some Republican members may use this development to impugn our patients' bill of rights proposal (arguing that increased regulation leads to decreased health care choices), so far we have found little sympathy among the Republicans most knowledgeable about health care issues for the HMOs' position.

3. Health -- Number of Uninsured: The Census Bureau will release on Tuesday new statistics showing that the number of uninsured Americans has increased by about 1.7 million, from 41.7 million in 1996 to 43.4 million in 1997. According to the Bureau, the number of uninsured children remained constant at 10.7 million, and the number of uninsured poor stayed at about 11.2 million. The increase in uninsured appears to consist mostly of Americans who are working and earning income above the poverty level, but whose firms do not provide affordable coverage. Although some of these individuals may have come off the welfare rolls (becoming ineligible for Medicaid because they now make too much money), the total increase far exceeds the size of this welfare-to-work population. Most of the increase probably reflects general trends in employer-based coverage, particularly among small to mid-sized firms. We will continue looking into this matter, and provide you with whatever further information we can discover.

How much has # of uninsured increased since 1993?

4. Health -- FDA Commissioner Update: The Senate Labor and Human Resources Committee last week reported out by voice vote the nomination of Jane Henney as FDA Commissioner. Although the vote was very encouraging, we remain concerned that one or more conservative Republicans (perhaps Senator Nickles) will object to bringing the nomination to the floor for a vote. We will work closely with Senator Domenici, Henney's homestate Senator, to try to prevent this from happening.

5. Health/Crime -- Event on Elder Abuse and Fraud: We have prepared an event for you on elder abuse and fraud, scheduled for either this week or next. At the event, you would announce a new HHS study finding that more than 500,000 Americans aged 60 and

9-29-98

over were the victims of abuse or neglect in their own homes during 1996. You also would note the extent to which fraudulent telemarketers target older Americans as their primary victims. To combat these problems, you would: (1) announce the creation of a new national center on elder abuse, which will train officials to detect and respond to elder abuse; (2) call on Congress to reauthorize the Older Americans' Act, which helps states to prevent and redress elder abuse; (3) launch a new partnership between the Justice Department and AARP to create Elder Fraud Prevention Teams; and (4) release a small amount of grant money to prosecute telemarketing scams and other forms of fraud against the elderly.

6. Crime -- COPS Grants: The Vice President will announce this week a total of $370 million in grants to hire or redeploy about 11,000 more police officers. This total includes over $100 million for Los Angeles and other communities in California to hire 800 new police officers, and $200 million in COPS MORE grants for communities across the nation to redeploy almost 10,000 officers.

What does this bring the total to?

7. Welfare Reform -- New Employment Statistics: The Census Bureau's new statistics on income and poverty show that the rate of employment among former welfare recipients is at an all-time high. Thirty-four percent of the individuals who received welfare in 1997 were working in 1998 -- the highest percentage ever reported. This employment rate has risen by nearly 60 percent since you took office and by about 28 percent since you signed the welfare law (from 21 percent in March 1993 to 26 percent in March 1996 to 34 percent this year). These numbers indicate that the movement from welfare to work is proceeding apace even while the caseloads decline and the harder cases begin to predominate. We are continuing to analyze these trends, with an eye toward putting together another welfare event (perhaps also involving new caseload numbers and state work participation rates).

8. Welfare Reform -- National Child Support Case Registry: HHS will initiate this week a new national database of child support cases, called the Federal Case Registry. This database will make it easier to locate deadbeat parents, especially if they have moved to a different state. HHS will check the Registry daily against an existing database of new employees; when it finds a match, it will report the information to the state, which then will arrange to garnish the wages of the delinquent parent. You proposed this mechanism for finding delinquent parents in 1994, and two years later Congress made it part of the welfare law. The new system has extensive privacy protections in place to guard against any unauthorized use of child support data. We expect USA Today to run an article on Monday about the new database, as well as the Administration's other efforts to increase child support collections.

9. Education -- Congressional Agenda Event: We are working with Senator Daschle's and Congressman Gephardt's offices on a rally event in which you and Congressional Democrats would call on the Republican Leadership to devote just one day before Congress leaves to voting on your education agenda. Though we are still discussing with Congressional staff the particular education programs to highlight, we probably will

Scheduling CE's

9-29-98

make class size the centerpiece of the event. As you know, Senator Murray has introduced legislation to enact your full class-size proposal, and has identified offsets to pay for it. In addition, she and Senator Harkin have prepared a scaled-down class-size initiative that would involve about $500 million in additional Title 1 funding. Democrats on the Hill want to call attention to these efforts and to the Republicans' refusal to give them serious consideration.

10. Education -- Charter School Legislation: We are continuing to work with congressional staff to bring charter school legislation to the floor of the Senate. Senator Harkin promised Secretary Riley last week that he would refrain from offering his amendment to the bill so long as no other Senators offer amendments. We are currently not aware of any other amendments, and we are working with congressional staff on a consensus manager's package to bring to the floor within a week.

11. Food Safety -- Salmonella Report: USDA will release on Monday a report showing that your science-based food safety program -- called the Hazard Analysis Critical Control Point (HACCP) program -- has led to an almost 50 percent reduction in the frequency of salmonella in broiler chickens and an almost 40 percent reduction in the frequency of salmonella in swine. We leaked this report to the Washington Post, which ran an excellent story in Sunday's newspaper and may run a supportive editorial tomorrow. The new data comes just as the Agricultural Appropriations conference begins deliberations on funding for your food safety initiative.

12. National Service -- AmeriCorps Recruitment: You recently asked about the status of AmeriCorps recruiting and the feasibility of a proposal to locate AmeriCorps recruiters in military recruiting offices. AmeriCorps is currently recruiting very successfully, and it expects to pass the 100,000-member mile~~stone this fall. (By way of compari~~son, it took the Pe~~ace Corps two decades~~ to reach the 100,000 member mark.) AmeriCorps has identified a number of ways to improve recruiting further, but believes that it should steer clear of proposals involving closer links to the military. AmeriCorps already relies to a limited extent on the Selective Service: the acknowledgment sent to people who register for the draft asks if the person would like more information about joining the Armed Forces or AmeriCorps. Republican members of Congress have criticized this arrangement as interfering with military recruiting efforts, and Rep. Ron Paul has introduced legislation to prohibit the practice. Given this response to a much more limited kind of joint arrangement, AmeriCorps is reluctant to locate recruiting personnel in military offices.

we should do an event in Oct. if possible BC

13. Children and Families -- After-School Poll: Secretary Riley participated in the release of a new national poll on Thursday finding that Americans overwhelmingly endorse the expansion of after-school programs. Ninety-three percent of those surveyed said they favor making safe, educational programs available to all children in the hours after school, with strong support across party lines and among parents and non-parents. In addition, 80

should put in ED event if at all poss

percent said they would be willing to use additional federal or state tax dollars to fund after-school programs in their community at a cost of $1,000 per child, even if doing so raised their individual tax bills by $10 a year. The Secretary also announced a new partnership among the Administration, NBC, "People Magazine," the Ad Council, and the Entertainment Industry Foundation to create a new public service announcement campaign to support the expansion of high-quality after-school programs in public schools.

9-29-98

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THE WHITE HOUSE

WASHINGTON

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September 25, 1998

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pg 1 - HRC/COS

MEMORANDUM FOR THE PRESIDENT

FROM: **GENE SPERLING**

RE: **NEC WEEKLY REPORT**

cc: **ERSKINE BOWLES**

Reverend Jackson's Conference in Rural Ohio: On Monday (9/28), Reverend Jackson will be hosting a conference in Appalachia -- Nelsonville, Ohio. This conference is a continuation of the Reverend's Trillion Dollar Roundtable effort and his work to expand access to capital in distressed communities. Besides representatives of SBA and USDA, I am sending Emil Parker, on my staff, and he will read a statement from you thanking the conferees for their work. When he returns, we will send you a memo on the outcomes of the discussion.

cc HRC

Number of People Without Health Insurance Increases: On Tuesday (9/29), the Census Bureau will release its estimates of health insurance coverage for 1997. Three main findings from the report are: (1) the number of uninsured has increased by 1.7 million, from 41.7 to 43.4 million; (2) the number of uninsured children remained constant at 10.7 million; and (3) there was no increase in ~~the number of~~ ~~uninsured~~ in poverty (11.2 million). Census has not yet released enough information to understand these trends, but since the number of uninsured has increased and the number on Medicaid has decreased, we expect that advocates will blame welfare reform -- states are turning away poor people at doors of welfare offices so that they are not learning about Medicaid eligibility. While there is some evidence that this is happening, all of the increase in the uninsured is occurring in adults above the poverty line who are probably not eligible for Medicaid. One explanation is that with improvements in the economy and increased employment due to welfare reform the number of adults eligible for Medicaid has dropped. And since many entry-level jobs and part-time jobs do not offer health insurance, these workers are more likely to be uninsured.

How many were there when we came in?

As additional data become available, NEC and DPC will work to thoroughly assess these trends. We are planning to brief key reporters and validators on Monday (9/28) expressing our concerns about the trend and emphasizing our policies intended to change it. We are also, as part of our FY 2000 budget process, looking at policies that can better ensure that workers eligible for Medicaid are enrolled and those not eligible have affordable options (e.g., simplifying Medicaid; considering expanding CHIP for adults).

Hedge Fund Bailout: Long-Term Capital Management -- one of the nation's three largest hedge funds -- notified Treasury and New York Federal Reserve Bank officials last week that they faced imminent collapse, which could result in \$200-\$600 million losses for over a dozen of the nation's largest investment firms. The New York Fed viewed the situation as even more grave and, after consulting with Treasury, brought together the major parties to billions of dollars of derivative and other agreements with Long Term Capital. These investment firms (led by Goldman Sachs, Merrill Lynch, Morgan Stanley, Travelers, and UBS Securities) concluded that the value of their imperiled positions would be enhanced by an orderly wind-down of the firm. To keep the firm liquid the 14 investors had to purchase 90 percent ownership interests in the firm at a price of \$3.5 billion. The firms seek to portray their action as rescuers, acting at the behest of the New York Fed, to prevent systemic failure. The new investments may be aimed at deflecting inevitable criticism of credit practices that led to such exposure. Although no taxpayer funds were used, some question the role of the New York Fed in orchestrating the bail out, while others argue that hedge funds should be regulated in light of the systemic risk they pose. In the near future, your Financial Markets Working Group, chaired by Secretary Rubin, plans to release a study of what happened and its implications.

Canada - Western Governors Trade Dispute: Citing concerns over public health and disparities of reciprocal trade access for agricultural products, several Western governors (including Montana and North and South Dakota) last week began having state troopers harass Canadian trucks on state highways, stopping them for agricultural and safety inspections and in some cases turning them back. According to reports, tensions are high in these states, with a threat of violence. In Montana, farmers and ranchers themselves blockaded the highways. Northern Plains senators are also proposing disguised trade barriers with Canada (e.g., labeling imported meat, requiring all imports to enter through a single port, etc.). On Wednesday (9/23), an NEC deputies meeting decided that Secretary Glickman would gather further information from the governors, and Stu Eizenstat would contact Ambassador Chretien to ask for some patience as we seek to more fully understand the problem. We have urged USDA to implement your July humanitarian food aid initiative more quickly and USDA officials said they would announce the second 500,000 ton (out of 2.5 million tons) purchase. The Deputies will meet again next week to plan next steps.

Good

Social Security: As you probably know, Senators Daschle and Bingaman formed a Senate Democratic Task Force on Social Security reform. On Thursday (9/24), Larry Summers, Ken Apfel, Jack Lew, Larry Stein, and I briefed 15 Democratic Senators on the task force (and about 45 staffers) on the problems facing the Social Security system, the Social Security Trust Fund, and the opportunity created by the budget surpluses. Jeff Liebman and Jon Orszag, on my staff, met with Daschle's and Bingaman's staff on Friday (9/25) to discuss how we can be of assistance in putting together additional presentations and briefing materials for the Democratic Senators on the task force before they recess next month. Our Social Security working group met again this week to continue last week's discussion of the impact of reform on women and to review a new analysis of the impact of reform plans on the unified budget.

9/29/98
Send to Stein?
Yes ✓
No ___

cc Phil

H-1B Visas: On Wednesday night, Senator Abraham and I reached an agreement on increasing H-1B visas for highly skilled foreign workers. The following day, the House passed the bipartisan compromise, 288-133 (99 Democrats voted for the legislation and 98 voted against). I believe that this bill represents a big win for you: for example, while the original bill did not include any new funds for training, the compromise includes at least $75 million; and while the original bill did not include strong protections for U.S. workers, the compromise includes three types of layoff protections and a requirement that companies first try to recruit American workers. In the final hours before this deal was sealed, I personally talked and met with Democratic members (Conyers, Klink, Lofgren, and Watt) and Ceci Rouse and Peter Jacoby met with the leadership staff to ensure that they felt included in the process. You should know that Karen Tramontano was instrumental in moving the AFL-CIO from opposing this bill to taking no position.

HEA Reauthorization: The conferees filed the report Friday (9/25). Vote are expected on Monday (9/28) in the House and on Monday or Tuesday in the Senate. While some higher education groups had some misgivings of the final compromise, we joined the Democrats in praising the overall bill. The HEA Reauthorization agreement includes a number of your initiatives, including $11 billion in savings to students by slashing the student loan interest rate from 8.25 percent to 7.46 percent; launching a new national effort to help disadvantaged students prepare for college by providing competitive grants to states and to local partnerships (based on your High Hopes initiative); improving teacher quality, preparation and recruitment through grants to partnerships; promoting high-quality distance learning opportunities by expanding student aid eligibility; and creating the Federal government's first ever Performance Based Organization that will modernize student aid delivery.

Should we do @ signing ceremony? because higher ed is not done — BC

Bankruptcy: On Wednesday (9/23), the Senate passed, 97-1, a bankruptcy bill that reflects all of the major elements of the Administration's proposals which you approved in June. The Senate bill reflects a significant step toward balanced bankruptcy reform, dealing with abuses by both debtors and creditors. We have begun work on finding a compromise on the House and Senate bills. The credit industry urges adherence to the House approach, while advocates for women, consumers, and the bankruptcy system fear that the Senate's moderation will be sacrificed in conference. House Republicans (and some in the Senate) clearly prefer the House's more extreme bill, but that approach would face trouble on the Senate floor and a veto recommendation from your advisors. Legislative Affairs feels that while the Senate vote shows strong bipartisan support for reform, the Senate would more likely sustain a veto of a House-like bill. The closer the bill ends up to the Senate approach, the weaker our ability to sustain a veto. Early next week, we will send a conferee letter and will talk with members and lobbyists signaling what our priorities are to maximize our influence in the conference.

Financial Modernization: On Wednesday (9/23), the Federal Reserve approved the merger between Travelers Group and Citibank. That same day, Erskine Bowles, Secretary Rubin, and Sally Katzen met with Sandy Weill, CEO of Travelers, and Jack Reed, CEO of Citibank, to discuss the Financial Modernization bill. The Chief of Staff and Secretary Rubin reminded the

9-29-98

CEOs that we have serious concerns and that there has been no response to those concerns; therefore they reaffirmed that if the bill was presented to you as is, you would veto it. We expect the bill to be brought to the floor next week. The only significant impediments to Senate passage are Senators Gramm and Shelby, who claim that the bill expands CRA, and a few Senators concerned that the compromise reached at the Banking Committee to appease banking interests disadvantages insurance agents. If the Hill is interested in avoiding a veto, we should be hearing from them in the next few days.

Securities Litigation: House and Senate conferee staff have begun meeting on this bill and all statutory issues will be quickly resolved. More difficult, however, is the Senate's demand that the statement of managers include language from the Senate Banking Committee Report. The language clarifies that the Congress did not believe, when it adopted the federal securities law provisions in the 1995 Act -- which provisions are made preemptive by this new bill -- that it was eliminating recklessness as a pleading standard or basis for liability under the securities laws. Industry lobbyists appear willing to compromise to include the requested language, along with other harmless language, but House staff is not budging. We are working with Legislative Affairs to resolve the impasse by reaching out to the relevant Members.

Senate's right, unfortunately

Y2K Liability Bill: You should know that a final agreement has been reached on the language of the Senate bill. We are aware of no obstacles to Senate passage, which should occur within the next two weeks. The House leadership has promised to take the bill up under suspension of the rules.

Japan: Prime Minister Obuchi reported back to his Diet that you pressed for "quick support to banks, with sufficient public money, under appropriate conditions." Drafting of banking legislation is proceeding, with continued debate over use of public funds. It is likely that Diet approval will require an extension of the session beyond its October 7 scheduled closing. You should know that Secretary Rubin will meet with Finance Minister Miyazawa during the World Bank/IMF meetings that begin next Saturday.

Internet Tax: A bill to protect Internet commerce, by prohibiting State and local governments from imposing any new taxes on access to or transactions on the Internet for two years, while a Commission develops long-term recommendations, is pending on the Senate floor. When the bill came up on the Senate floor Friday (9/25), there were some Democratic Members who wanted to make it very clear that the Commission was authorized to look at the question of State and local taxes on mail-order sales. While we too want the Commission to explore that issue, there are others in the Senate who will resist any explicit statement. We will be working on this over the weekend. A vote will take place early next week.

Airline Deregulation: On Wednesday (9/23) and Thursday (9/24), the Administration co-sponsored a high-profile summit celebrating the 20th anniversary of airline deregulation. In addition to Secretary Slater and other senior Department of Transportation officials, participants included several airline CEOs and key people responsible for making deregulation happen in 1978 -- most notable, former Civil Aeronautics Board Chairman Alfred Kahn, and former President Carter via videotape. Transportation floated, as a trial balloon, the possibility of liberalizing restrictions by the U.S. and other countries on cabotage (domestic operation by foreign carriers) and foreign ownership of airlines. The NEC is examining these and other ideas as part of our review of mergers and competition.

McClellan Air Force Base: The Air Force on Tuesday (9/22) announced the results of the competition for a portion of the workload now performed at McClellan Air Force Base in Sacramento: The Air Force selected the Ogden (Utah) Air Logistics Center -- teamed with Boeing -- over a McClellan-Lockheed Martin team. The good news is that Boeing will move its portion of the workload (repair of KC-135s -- about 1,000 jobs) to its new facility at Kelly Air Force Base in San Antonio, which is closing.

Long Beach: A provision in the defense authorization bill approved by Congress last week would prohibit Long Beach from leasing former Navy property to COSCO, China's state-owned carrier. Last year's defense bill included a similar provision, but it provided for a presidential waiver if there was no national security threat; this year's bill eliminates that waiver. Long Beach had hoped you could issue the waiver before this year's bill took effect. The DoD and the FBI concluded that COSCO is not a national security threat. However, DoD did not complete its legislatively mandated security review until last week, while the FBI completed its review months ago. This means that the reviews were completed too late for NSC to process a national security determination. According to a story in today's *Journal of Commerce,* Long Beach hopes to get around the prohibition by having COSCO expand its current Long Beach facility rather than move to a new facility on the former Navy property. Long Beach would accommodate COSCO's expansion by moving other tenants onto the former Navy site.

Agriculture Supplemental: Meetings with Senate Democrats continued all week on how best to position ourselves to provide real assistance to farmers in need. Working with Jack Lew and Larry Stein, we ultimately achieved consensus with Senate Democrats to provide a Statement of Administration Position that afforded you some flexibility, but underscored your commitment to provide funds on an emergency basis.

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THE WHITE HOUSE

WASHINGTON

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September 25, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: **GENE SPERLING**

RE: **NEC WEEKLY REPORT**

cc: **ERSKINE BOWLES**

Reverend Jackson's Conference in Rural Ohio: On Monday (9/28), Reverend Jackson will be hosting a conference in Appalachia -- Nelsonville, Ohio. This conference is a continuation of the Reverend's Trillion Dollar Roundtable effort and his work to expand access to capital in distressed communities. Besides representatives of SBA and USDA, I am sending Emil Parker, on my staff, and he will read a statement from you thanking the conferees for their work. When he returns, we will send you a memo on the outcomes of the discussion.

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

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September 25, 1998

MEMORANDUM FOR THE PRESIDENT

CC: ERSKINE B. BOWLES

FROM: KATHLEEN A. McGINTY

SUBJECT: CEQ WEEKLY REPORT

PROTECTING COMMUNITIES FROM TOXICS

Sierra Blanca Controversy

Environmental and Latino organizations have bitterly criticized the legislation authorizing a low-level nuclear waste compact between Maine, Vermont, and Texas, which you signed on Sunday, September 20. The compact, which passed by a veto-proof margin in both houses despite the opposition of the Congressional Hispanic Caucus, will permit Maine and Vermont to ship low-level radioactive waste to Texas.

The compact does not select a site, but Texas is close to licensing a highly controversial site in predominantly Latino Hudspeth County (the "Sierra Blanca" site), where local groups have raised significant safety and environmental justice concerns. While the licensing proceeding is entirely a state matter, Secretary Richardson and I are working with Congressman Reyes (D-TX), whose district includes the Sierra Blanca site, to see if there is a package of assistance that Federal agencies can provide to local groups to help them monitor health and safety concerns.

Ship-Scrapping Memorandum

On Wednesday, September 23, Vice President Gore released a memorandum asking Secretary Cohen and Secretary Slater to observe a further moratorium on the export of decommissioned government vessels for scrapping overseas. This directive, which we worked out with DOD and DOT, responds to the serious concerns that have been raised about potential threats to the environment, worker safety, and public health posed by overseas scrapping operations, most notably in a Pulitzer Prize-winning series in the *Baltimore Sun*. The directive also permits Senator Mikulski (D-MD) to withdraw a very restrictive appropriations rider on the same issue.

Right-To-Know

We are poised to announce a major agreement between EPA, the Chemical Manufacturers Association (CMA), and the Environmental Defense Fund (EDF) in which industry will agree to a timetable to complete the testing needed to provide the public with basic information about the health effects of the 3000 chemicals in high-volume industrial use. Only a fraction of this data is currently available. The agreement fufills a commitment and challenge that Vice President Gore made in April, and reflects effective work by EPA, Fred Krupp of EDF, and Dave Buzzelli of DOW Chemical Company. This is just the most recent environmental issue on which Buzzelli, who has served on the President's Council on Sustainable Development, has helped us by getting industry to work with EPA in strengthening environmental protection.

RESOURCE STEWARDSHIP

Land and Water Conservation Fund Acquisitions

Congress has yet to release the full amount of Land and Water Conservation Fund money that was appropriated in 1998 (subject to approval by the Appropriations Committees) for our list of priority expenditures. Our list of priorities, sent to the Congress in February, included initial funding for the Baca Ranch and purchase of the Royal Teton Ranch next to Yellowstone Park for winter bison and elk range. Recently, Congress released $190 million of the remaining $362 million appropriated in 1998, but did not release funds for either the Baca or Royal Teton Ranch purchases, the completion of the Appalachian Trail, or for several other time-sensitive projects. In addition, for 1999 we requested $270 million for LWCF projects which the House cut to $130 million and the Senate Committee reduced to $170 million.

We are working well with Senator Domenici on Baca Ranch legislation, but have been unable to resolve a few issues that are important precedents for our management of federal lands. We continue to believe that we can make progress, but are concerned about Congress' failure to guarantee funds for the purchase (although Senator Domenici believes he has an assurance the 1998 money will be made available), and about the Senator's ability to control legislation in the House. In addition, we are at great risk to lose the Royal Teton Ranch (which was lost to the federal government when it last came up for sale in the 1980's because President Reagan froze all land acquisition funds) because Republican Members of the Montana delegation have assigned it a low priority. Senator Baucus put out a strong press statement today criticizing his Republican colleagues and pushing for funding.

We are trying to schedule a meeting with the appropriators and a high level Administration group to pursue this. We also are working to ensure that the public in the areas affected are aware of the risks of losing these great places, and believe that approach has the greatest likelihood of changing the dynamic on these funding issues.

SUSTAINABLE COMMUNITIES

EPA Rulemaking on Transported Smog

EPA issued its final rule this week that, for the first time, addresses the issue of the air pollution that upwind states visit on their downwind neighbors. This is a significant step toward cleaner air for the eastern half of the U.S., but such a rule, by its nature, creates regional tensions. The White House worked with EPA to ensure that the rule provides maximum flexibility in implementation for the states, and EPA has committed to engage on a day-to-day basis with individual states to find the most cost-effective approaches for compliance. Generally speaking, the Northeastern states and the environmental community are very pleased with the rule, some Southern and Midwestern states are less enthusiastic but not violently opposed, and a few states with the dirtiest utilities that will have to achieve the greatest reductions -- such as Indiana and West Virginia -- are quite unhappy.

7-29-98

THE WHITE HOUSE

WASHINGTON

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MEMORANDUM FOR THE PRESIDENT

FROM: ANN LEWIS

SUBJECT:WEEKLY REPORT

DATE: SEPTEMBER 26, 1998

- I chaired a meeting of the President's Commission on the Celebration of Women in American History in Albequerque, N.M. This was the first full meeting of the Commission with outside speakers and it went extremely well. Leaders of women's organizations and specialists in the field of women's history are very excited and appreciative about the opportunity to work with the Commission and about the statement our work makes about taking women's history seriously.

Throughout this trip, I was asked by a wide range of people to tell you personally of their support for you, their appreciation for all that you have done , and their concern for the right wing attacks on you. They include:

The founder of the National Women's History Project, the curator of the Albequerque Museum and other speakers at the meeting;

The cabdriver taking us to the airport, a young man, who heard a bit of our conversation , announced he had voted for you , continue to support you , and "this other stuff is just politics";

The stewardess who came and sat with me to talk very personally about her strong support for you and her very deep personal concern about the danger to the country posed by the attacks on you.

- I worked with a number of leaders of women's organizations who issued statements of support this week:

Ellie Smeal, Patricia Ireland and Betty Friedan headlined a press conference calling on women to show their support which got good coverage;

AAUW, National Women's Law Center and others issued their own statements .

- I continue to talk with many of your friends who are organizing to show their support including Walter Shorenstein, Kathy Berlin, Irving Kipnes, Rabbi Genack, and leaders of the Women's Leadership Forum. We are getting good reports of calls to Democratic Congressional offices.

9/29/98

Send to Eugenie?

Yes ✓

No

Sent to Burkhardt

Agency Liaison. C

August 27, 1998

Staff
DCC

Eugene
EB
9/28/98

Larry Willis
P.O. Box 204
Lafe, AR. 72436

Post PO
closing

'98 SEP 29 AM8:03

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

Dear Mr. President :

I hope the letter finds you and your family doing well. I don't know if you would remember me or not. Mr. President, my name is Larry Willis and I am from the small town of Lafe, AR. We have met on three separate occasions while you were Governor or were campaigning for office in AR. I teach school and coach baseball at Marmaduke High School.

Mr. President, the town of Lafe is about to lose its Post Office. The Post Office gives service to over 500 people. For the last several years it has only been allowed to stay open one to two hours each day. We have a lot of elderly people and veterans who have trouble picking up mail, mailing packages, and buying stamps. There was a meeting on August the 24th at city hall with postal officials. The meeting did not go well. A lot of veterans and elderly people went away mad and feeling slighted. Mr. President our town has lost its school and most of its stores. If we lose our post office the town will lose its identity. Our Post Office needs to be open five to six hours each day. The postal service is only wanting to pay someone a little over minimum wage to open it for one to two hours each day. People can't pay rent on a building and utilities and work for that.

Mr. President any help you could give the town of Lafe would be greatly appreciated. Good luck to you and your family. May God bless you.

Sincerely yours,

Larry Willis

Larry Willis

P.S. Mr. President I want you to know my family and myself still support you in the crisis your going through. We don't want you to resign. I know a lot of people have been after you ever since you took office. Good luck and best wishes.

Larry

Larry Willis

Marmaduke Schools

Marmaduke, Arkansas

72443

PRESIDENT BILL CLINTON
THE WHITE HOUSE
WASHINGTON D. C. 20500