

Chen
X

11-9-98

Sandy

copied
Berger
COS

I strongly support
from left relief
for them — Can we
do it? —

BZ

11-9-98

POINTS TO BE MADE FOR
TELEPHONE CONVERSATION WITH
PRESIDENT ARNOLDO ALEMAN OF NICARAGUA

- I want to convey our profound sympathy for the tragedy that has struck your country. I was very moved by your letters describing the extent of the damage.
- As I told the American people, it's inconceivable to most Americans that a natural disaster would lead to the deaths of thousands and thousands of people.
- We want to, first of all, help you get through the present crisis and deal with it as rapidly and as well as possible. And then of course we will be looking at what we can do to help Nicaragua rebuild and return to normal life.
- I know our civilian and military personnel are actively involved in meeting the most urgent needs of the people. I understand U.S. military forces are working to bring additional helicopters to Managua to assist in the distribution of relief supplies. In the coming days, we plan to expand our assistance, in concert with other donors.
- I understand General Wilhelm is traveling to the region on Friday to personally oversee our relief efforts. In addition, I hope we can get a presidential mission down there in the near future. This will help us marshal additional resources to the most pressing needs.
- I know Hillary hopes to rearrange her schedule the week of November 16 to make a brief stopover in Nicaragua. This too will help mobilize attention both here and abroad to your country's needs.

Mrs. Land Bridges - Bailey
will help w/ emergency assistance
dialogue w/ try to cut
the economic crisis w/
refon mtr
the - Agency 20% - 5 on out's
every 1 on health or - 100, 100, 100
can not reach 80% of debt.

11-9-98

7541

POINTS TO BE MADE FOR
TELEPHONE CONVERSATION WITH
PRESIDENT CARLOS FLORES OF HONDURAS

- I want to convey our profound sympathy for the tragedy that has struck your country. Hillary and I were very moved by your wife's letter describing the extent of the damage.
- As I told the American people, it's inconceivable to most Americans that a natural disaster would lead to the deaths of thousands and thousands of people.
- We want to, first of all, help you get through the present crisis and deal with it as rapidly and as well as possible. And then of course we will be looking at what we can do to help Honduras rebuild and return to normal life.
- I know our civilian and military personnel are actively involved in meeting the most urgent needs of the people. Pleased they could be of such direct assistance to you and your family. In the coming days, we plan to expand our assistance, in concert with other donors.
- I understand General Wilhelm is traveling to Honduras on Friday to personally oversee our relief efforts. In addition, I hope we can get a presidential mission down there in the near future. This will help us marshal additional resources to the most pressing needs.
- I know Hillary hopes to rearrange her schedule the week of November 16 to make a brief stopover in Honduras. This too will help mobilize attention both here and abroad to your country's needs.

[IF RAISED]

- I am prepared to renew our efforts next year to obtain permanent legislative relief for those Hondurans who, like other Central Americans in similar situations, applied for asylum before December 1992.
- In the interim, in light of the devastation caused by the storm, I intend to authorize some type of temporary relief for Hondurans in the United States.

*Ag - 3000 people
damaged - med
Knutson work
- Camp in VHFTR
- Aft relief*



Neil W. Ostergren

685 Third Avenue, Suite 2200, New York, NY 10017 (212) 986-3333 Fax: (212) 986-3484

FAX

98 NOV 9 AM 9:46

TO: BETTY CURRIE

FROM: NEIL OSTERGREN

DATE: 11/6/98

SUBJECT: LETTER FOR PRESIDENT CLINTON

Number of Pages (Including Cover Page): 2

LETTER FOLLOWS.

11-9-98

Send to Burkhardt?

Yes ☒

No ☐

C.



Neil W. Ostergren

98 NOV 9 AM 9:46

November 6, 1998

Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

I had intended to write to you on Wednesday of this week following the results from the elections the day before. I did not do so then because I was sure that the fax lines to the White House would be tied up. But during the last few days, I have been working with Leslie Doggett, who will be making a presentation at the International Hotel/Motel & Restaurant Show next Tuesday afternoon. As Secretary William Dailey's deputy assistant secretary for tourism industries, Leslie will be a good asset to the hotel show's educational program and I am pleased to be able to assist her.

During our phone conversations over the past few days, Leslie and I have also spoken about how well things turned out on Tuesday. After all the dire predictions regarding how many seats in Congress the Democrats would lose in this mid-term election, the fact that it was the Republicans who had the losses is certainly good news indeed. I have personally had several discussions with a number of Republicans here in New York who voted for Chuck Schumer because they wanted to send a message to the Congressional leaders that they are tired of a "do nothing Congress" and want the elected legislators to get on with "the people's business."

Hopefully, those in charge have now gotten the message. For myself, I will continue to work as aggressively as I can to find a funding mechanism for the United States National Tourism Organization and to help grow travel and tourism to this country. As one of your appointed delegates to the White House Conference on Travel and Tourism, I can do no less.

Warmest regards,

Neil W. Ostergren
Hospitality Marketing Consultant

THE PEOPLE'S COMMUNITY BAPTIST CHURCH

*Affiliated with DC Baptist, American
and Southern Baptist Conventions*

OFFICE OF THE PASTOR
Dr. T. J. Baltimore

November 4, 1998

98 NOV 9 PM 2:17

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

Dear President Clinton:

On behalf of the members of The People's Community Baptist Church of Silver Spring, Maryland, I would like to extend a heartfelt invitation to you and your family to worship with us. We are prayerful that your schedule would allow a visit in the very near future. Our worship service begins at 10:45 a.m. each Sunday.

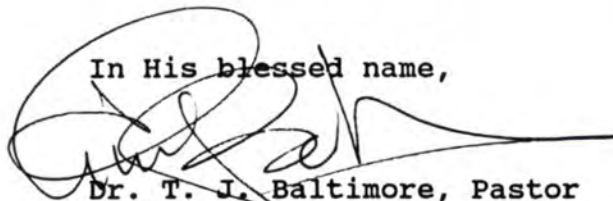
As our President, your leadership has contributed to a spiritual renewal of faith and hope in our Nation and its people. Your words of wisdom and healing have inspired families of every race, creed, and color, to come together to rebuild our neighborhoods, rid our streets from the scourge of crime and drugs, to invest more time in our children's lives and education. Your attendance at one of our services, would send a strong message of support and faith in the growing African-American community of Montgomery County, Maryland.

The People's Community Baptist Church (The PCBC) is celebrating its twentieth anniversary this year. Our three thousand member congregation is comprised predominantly young professional African-American families. Several members of our congregation are employed in the Executive Office of the President. The PCBC has more than twenty ministries including the Christian Education Ministry, the Social Action Ministry (retirees and senior citizens), the Prison Ministry, and Multi cultural Ministry, to name a few.

The PCBC is Baptist by faith, yet an activist and entrepreneurial church driven by an adventurous spirit and prayer. We would be delighted if you would visit our church (our second request) and by your very presence, deliver the message of faith and hope in our community, our church, and our country.

11-9-98

In His blessed name,



Dr. T. J. Baltimore, Pastor

31 Norwood Road, P. O. Box 4286, Silver Spring

Send to Scheduling-

Yes ☒

No ☐

c

THE PEOPLE'S COMMUNITY
BAPTIST CHURCH

31 Norwood Road
P.O. Box 4286
Silver Spring, Maryland 20905

The Honorable William J. Clinton
The White House
Washington, DC 20500



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Sergeant-at-Arms
MARTIN McKEAN
*Executive Secretary,
Ohio PBA
Berea, OH*

Executive Secretary
SANDRA J. GRACE
*Secretary, New Bedford
Police Union
New Bedford, MA*

November 4, 1998

President William Jefferson Clinton
The White House
Washington, DC 20500

Dear President Clinton:

On behalf of the National Association of Police Organizations (NAPO), please allow me to express my heartfelt gratitude for your honoring the 1998 TOP COPS Awards® winners in the Rose Garden on October 9, 1998. You have given each of them a memory that they will truly treasure for the rest of their lives, and by doing so, honored all of our nation's law enforcement officers.

As you know, it is one of NAPO's top priorities to share with the American public the stories of the TOP COPS Awards® winners. All too often, the news media covers only the negative press involving our nation's police, and by your spending time with the TOP COPS®, you help us deliver a positive message to the public about our nation's police. It is a tradition that I hope we can continue.

The TOP COPS Awards® serves a tremendous service to the nation's law enforcement officers, but it is time that we take it to the next step and deliver it to the American public by broadcasting the ceremony on television. Your friend, Harry Thomason, helped to honor the TOP COPS® winners who were recognized for their heroism during the Bank of America shootout in North Hollywood, CA, by arranging a special White House tour on their behalf. His efforts truly made the California winners feel like true heroes.

It is our hope that Mr. Thomason might also see the TOP COPS Awards® worthy of being televised and would be willing to meet with us to discuss this possibility.

Again, thank you for honoring the TOP COPS® again this year!

Sincerely,

Robert T. Scully
Executive Director

CC: Nancy Hernreich, Jose Cerda and Christa Robinson, The White House

Executive Director
ROBERT T. SCULLY
General Counsel
STEPHEN R. McSPADEN
Legislative Consultants
JULES BERNSTEIN
LINDA LIPSETT

98 NOV 12 11:41

11-9-98

Send to Burkhardt
Yes ☒
No ☐



**NATIONAL ASSOCIATION OF
POLICE ORGANIZATIONS, INC.**

750 First Street, N.E., Suite 920
Washington, D.C. 20002-4241



Ms. Nancy Hernreich
The White House
Washington, DC 20500



THE PRESIDENT HAS SEEN

11-9-98

THE WHITE HOUSE
WASHINGTON

November 7, 1998

MR. PRESIDENT:

Attached is a memo from Secretary Rubin seeking your approval to use the Exchange Stabilization Fund to assist Brazil in its financial crisis. You approved use of similar authority for Argentina in 1995.

This recommendation has gone through extensive interagency review. Your WH advisors, including John Podesta, Gene Sperling, Jack Lew and NSC support this recommendation.

If you approve, please indicate on Secretary Rubin's memo.

Bob has asked that you act on this recommendation this weekend in anticipation of the IMF announcing its support for the Brazil program early next week.

Phil Caplan *Phil*

Copied
Podesta
Sperling
Lew
Berger

Rubin

THE WHITE HOUSE
WASHINGTON

DATE: November 9, 1998

NOTE FOR: **Secretary Robert E. Rubin**
Department of the Treasury

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

Information ☐

Action ☒

Thank you.

Staff Secretary
(x6-2702)

cc:



11-9-98

'98 NOV 6 PM 6:54

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

November 6, 1998

MEMORANDUM FOR PRESIDENT CLINTON

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

SUBJECT: Approval of the Use of the Exchange Stabilization Fund to Provide Financial Assistance to Brazil

ISSUE:

Pursuant to 31 U.S.C. sec. 5302(b), I am seeking your approval to use the Exchange Stabilization Fund ("ESF") to respond to the current financial crisis in Brazil. Funds from the ESF, up to \$5 billion, would be part of a multilateral guarantee of a loan to Brazil. Total bilateral contributions are expected to be \$14-15 billion, most of which would guarantee the Bank of International Settlements ("BIS"), which would provide the loan to the Central Bank of Brazil. (The BIS would provide \$400 million from its own account.) In 1995 the U.S. similarly used the ESF to guarantee loans that the BIS provided to Argentina.

The BIS loan would supplement a proposed International Monetary Fund ("IMF") adjustment program in support of Brazil's economic and financial plan. The IMF plan is designed to help restore financial market confidence in Brazil and its currency, the *real*, and to restore conditions for long-term sustainable growth. As a member of the IMF, the U.S. has an obligation to pursue policies that are consistent with the IMF's goal of promoting and maintaining orderly exchange arrangements and a monetary system that does not tend to produce erratic disruptions.

Following an announcement of IMF support for the Brazilian program early next week, the World Bank, the Inter-American Development Bank ("IDB"), and the other countries guaranteeing the BIS loan are likely to announce their intention to support Brazil. Provided you approve use of the ESF, I also would announce the U.S.'s willingness to provide support at that time.

DECISION:

That you approve use of the ESF as outlined in this memorandum.

Approve ☒ Disapprove ☐ Let's Discuss ☐

BACKGROUND:

Brazil's Financial Crisis

Brazil is under intense financial pressure that threatens to unleash a financial crisis in Brazil and elsewhere. Brazil's chronic fiscal weakness has left it vulnerable to contagion from economic crises in

Asia and Russia and the loss of international investor confidence. Strong support, together with strong policy adjustment especially in the fiscal area, will help to restore confidence and significantly improve the prospect of preserving stability. Stability in Brazil is crucial to prevent the spread of financial turbulence in Latin America and other emerging market economies, and ultimately to ensure the health of U.S. exports, the U.S. economy, and international financial markets. Using the ESF to respond to this crisis, in support of an IMF program for Brazil, is consistent with the purpose of 31 U.S.C. sec. 5302(b): to give the United States the ability to take action consistent with its obligations as a member of the IMF to assure orderly exchange arrangements and a stable system of exchange rates.

Multilateral and Regional Response to Brazil Crisis

Early next week, Brazil will likely announce that it has reached agreement with the IMF on a financial program and needed policy reforms. I expect the IMF to provide approximately \$18 billion to Brazil, and the World Bank and the IDB to provide a combined total of approximately \$9 billion.

Treasury and the governments or central banks of the United Kingdom, Germany, Italy, France, Spain, and other countries have tentatively agreed to guarantee most of the bilateral loans the BIS would provide Brazil. (The BIS will be lending up to \$400 million without a guarantee.) Treasury's share of the guarantee for the BIS would be up to \$5 billion. The Government of Japan would provide a facility parallel to the BIS loan.

Mechanics of a Brazil Program

It is anticipated that the BIS will provide a first drawing in an aggregate amount of about U.S. \$5 billion, the same percentage (notionally 33%) as the first IMF purchases by Brazil under the IMF's Supplemental Reserve Facility ("SRF"). Brazil is expected to make its first drawing on or about November 23, 1998. Drawings under the BIS facility would be for six months, with an option for additional six-month renewals, at an interest rate equal to the six-month LIBOR rate plus an appropriate spread to cover U.S. credit risk and encourage Brazil's rapid return to private sources of finance as these become available. The guarantors and the BIS would approve each Brazilian drawing on a case-by-case basis. The ESF guarantee share of this first drawing from the BIS is expected to be about \$1.7 billion.

The BIS's agreement with the Government of Brazil will be structured to minimize risks to the U.S. and other guarantors. The BIS will be repaid in parallel with the IMF -- over a period of approximately two-and-a-half to three years. Among the conditions which the BIS intends to pursue with Brazil are:

- a right to accelerate repayment should Brazil fall out of compliance with its IMF program or fail to meet certain important conditions of its agreement with the BIS;
- that Brazil agree that it will not impose any controls on capital outflows;
- that there is an appropriate degree of private sector financing for Brazil;
- that Brazil provide regular financial and economic information to the IMF for distribution to the participating central banks; and
- that Brazil agree to maintain a certain floor level on the amount of its foreign reserves.

Treasury is still examining whether it is possible to establish additional backing mechanisms if these are judged necessary.

The Risks of Acting

It is my judgment that support for Brazil is a wise investment in our country's prosperity and in world financial stability and economic growth. There are also risks of which you should be aware. First, negative sentiment in global financial markets could prove too strong to resist, even with a strong program that would succeed in a more normal environment. Second, Brazil could fall short in its own adjustment efforts, though President Cardoso's commitment appears firm and his program seems realistic.

Your Role

Because of the interest likely to be engendered by an announcement of U.S. financial support for Brazil, you will be called upon to defend this decision publicly.

31 U.S.C. sec. 5302(b) provides that a loan or credit from the ESF may be made for more than six months in any twelve-month period only if you give Congress a written statement that "unique or emergency" circumstances require the loan or credit to be for more than six months. You sent such a statement with respect to the 1995 Mexican stabilization package. Once negotiations with Brazil are completed and before the first drawing on the BIS loan, both of which I expect to occur by late November, and assuming that use of the ESF remains appropriate, I will recommend that you provide a statement along the lines of the draft letter set forth in Annex A, in contemplation of the possibility of a drawing renewal beyond the initial six-month period.

Attachment: Annex A: Draft statement to Congress

DRAFT

ANNEX A

_____, 1998

The Honorable Al Gore
President
United States Senate
Washington, D.C. 20510

[and (in separate letters)]

The Honorable Newt Gingrich
Speaker
United States House of Representatives
Washington, D.C. 20515

Dear Mr. President [or] Mr. Speaker:

The Exchange Stabilization Fund ("ESF") is participating in a multilateral guarantee of a loan of approximately \$15 billion that the Bank of International Settlements ("BIS") is providing to the Central Bank of Brazil. Consistent with the requirements of 31 U.S.C. sec. 5302(b), I am hereby notifying Congress that I have determined that unique or emergency circumstances require the ESF financing to be available for more than six months.

BACKGROUND:

Brazil is under external financial pressure that could unleash a financial crisis in Brazil and elsewhere. Contagion from economic crises in Asia and Russia and the loss of international investor confidence have precipitated this crisis, which has been aggravated in Brazil's case by persistent fiscal weakness. A failure to support Brazil as it responds to this financial crisis could increase the risk of financial instability in Brazil which could spread to other Latin American countries and to other emerging market economies. Instability in Brazil, Latin America, and other emerging markets ultimately would hurt U.S. exports and the U.S. economy. Strong support, together with strong policy adjustment especially in the fiscal area, will help to restore confidence and significantly improve the prospect of preserving stability in Brazil. As a member of the IMF, the U.S. has an obligation to pursue policies that are consistent with the IMF's goal of promoting and maintaining orderly exchange arrangements and a monetary system that does not tend to produce erratic disruptions. Using the ESF to respond to Brazil's financial crisis, in support of an IMF program for Brazil, is therefore consistent with the purpose of 31 U.S.C. sec. 5302(b): to give the United States the ability to take action consistent with its obligations as a member of the IMF.

DRAFT

The magnitude of Brazil's financial crisis makes short-term solutions inadequate. The loans provided by the BIS will provide a crucial supplement to the IMF's reform program for Brazil and are vital to Brazil's ability to fulfil its economic and financial plan, which we believe is achievable with strong support from the U.S., other governments, and multilateral institutions. As a member of the IMF, the U.S. has an obligation to pursue policies that are consistent with the IMF's goal of promoting and maintaining orderly exchange arrangements and a monetary system that does not tend to produce erratic disruptions. Assistance for more than six months is necessary to help ensure that further pressure on the exchange rate of the Brazilian *real* does not force the Brazilian Government to devalue its currency and abandon its economic and financial plan. In these unique and emergency circumstances, it is both appropriate and necessary to make the ESF available to guarantee the BIS's loan to Brazil for more than six months.

On ____, 1998, the Secretary of the Treasury, the governments or representatives of the central banks of the United Kingdom, Germany, Italy, France, Spain, and other countries signed an agreement with the BIS under which the U.S. and participating banks are guaranteeing a loan of approximately \$15 billion that the BIS will provide to the Central Bank of Brazil over a period not to exceed three years. The ESF will be guaranteeing up to \$5 billion of the BIS loan, and the other participating central banks will be guaranteeing the remainder except for \$400 million provided from the BIS's own funds without a guarantee. The BIS is providing loans to the Central Bank of Brazil under a separate agreement, which creates a credit facility on Brazil's behalf. Drawings under the BIS facility are for six months, with an option for additional six-month renewals, at an interest rate equal to the six-month LIBOR rate plus an appropriate spread that will cover U.S. credit risk and encourage Brazil's rapid return to private sources of finance as these become available. The maximum term of the BIS facility will be three years. The Government of Japan is providing a facility of \$_____, parallel to the BIS loan.

The Executive Board of the International Monetary Fund ("IMF") has approved approximately \$18 billion in assistance for Brazil in support of Brazil's economic and financial plan that will help restore financial market confidence in Brazil and its currency, the *real*. Brazil will be drawing loans from the BIS in the same amounts as Brazil's first purchases from the IMF's Supplemental Reserve Facility ("SRF") for Brazil. In addition, the World Bank and the Inter-American Bank are providing approximately \$9 billion in short-term assistance.

The BIS's agreement with the Government of Brazil contains conditions that minimize risks to the U.S. and other guarantors. For example, the guarantors and the BIS will be approving each BIS drawing on a case-by-case basis. The BIS has a right to accelerate repayment should Brazil fall out of compliance with its IMF program or fail to meet certain important conditions of its agreement with the BIS. The BIS will be repaid in parallel with the IMF.

I am enclosing a Fact Sheet prepared by the Treasury Department that provides greater details concerning the terms of the BIS's agreement with Brazil. I am also enclosing a summary

DRAFT

of the economic policy actions that the Government of Brazil and the Central Bank of Brazil have agreed to take as a condition for receiving assistance from the BIS.

I am also sending a letter to Speaker Newt Gingrich [or Vice President Al Gore].

Sincerely yours,

William J. Clinton

Enclosure

11-9-98

THE WHITE HOUSE
WASHINGTON

November 7, 1998

MR. PRESIDENT:

Attached are the following weekly reports:

- (A) Weekly Economic Briefing
- (B) Interest Rates/Update on Global Markets
- (C) DPC Report
- (D) NEC Report
- (E) CEQ Report
- (F) OSTP Report
- (G) Upcoming Speeches/Communications Report
- (H) Public Liaison Report
- (I) Intergovernmental Report
- (J) Cabinet Affairs Report
- (K) Political Report

Phil Caplan
Phil

Tab A - Entire Rept: Yellen/COS
page 2 - Reed/Tipper Gore/COS

Tab D - Sperling/COS

Tab F - Lane/COS

Tab G - Lewis Memo: Lewis/Spartan/cas

Tab H - Moore/COS

Tab J - Marshall/Baldenston/COS

Tab K - Smith/COS

11-9-98

THE WHITE HOUSE

WASHINGTON

'98 NOV 7 PM 12:41

November 6, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

RE: NEC WEEKLY REPORT

cc: JOHN PODESTA

copied
Sperling
COS

New Ideas Memo: You should know that the NEC has been working with DPC and other economic agencies to produce new ideas for the FY2000 Budget and your upcoming State of the Union Address in the following areas: education and training, service, health care, tobacco, families and children, community empowerment, rural/agriculture, technology, crime, welfare reform, civil rights and women's rights, transportation, energy/environment, pension, and financial services initiatives. Next week, Bruce Reed and I will be submitting a memo to you outlining these new ideas.

White House Social Security Conference: We continue to press forward with plans for the December White House Social Security Conference. We have developed a schedule for the two days and are now working with Larry Stein's and Minyon Moore's office to solicit comments from the Hill and from interest groups. We are planning for the first day to be more open, with active participation by interest groups, Members, and the public, and would focus on ways to achieve common ground Social Security. The second day would focus on intensive interactions between Members and senior Administration officials and select outside experts, and would involve three workshops of key Social Security reform questions. Next week, we will meet with a wide variety of groups -- from the AFL-CIO to NOW -- to get their buy-in to our ideas on the conference.

HOPE Scholarships: You should know that the College Board's financial aid form -- the data from which is used by many elite colleges -- ~~will include data that could be used to undermine the Hope Scholarship and Lifetime Learning tax credit (although it could be benign as well).~~ As you remember, when we were fighting for the credits some argued that they would result in tuition increases and/or colleges would reduce aid to those who got the credit. There has been no sign of tax credit-induced tuition increases; in fact, the increases this year were down from previous years. Working with the Education Department, we are exploring putting colleges on notice that undermining the credit is not acceptable. We have discussed with the student groups a possible "tuition watch" project, that could commend this year's restraint, but put institutions on notice that they will continue to be watched closely. (However, it is not clear that the student groups are as concerned about the shifting of aid from middle-income HOPE recipients to lower-income students).

Apparel Industry Partnership Agreement: Over the last several months, nine of the AIP organizations (namely, Business for Social Responsibility, International Labor Right Fund, Lawyers Committee for Human Rights, Liz Claiborne, National Consumers League, Nike, Phillips Van Heusen, Reebok, RFK Memorial Center for Human Rights) have been participating in an informal process to help forge a broad agreement. The agreement reached on Monday (11/2) builds on the April 1997 agreement -- which you announced at the White House -- that established a code of conduct as well as monitoring principles. The April 1997 provisions included: a minimum age for workers; a monitoring process that requires companies to develop and undertake internal monitoring and to submit a significant number of their facilities to independent external monitoring; a maximum 60-hour workweek; and a requirement that companies pay the minimum or prevailing industry wage in the countries where factories are located. The new provisions include the creation of a new non-profit organization, the Fair Labor Association, to enforce the code and monitoring principles, regular reports to the public that can help consumers make better informed choices, among other provisions.

After the nine AIP organizations reached agreement, we released a statement from you applauding the agreement and encouraging the continuing effort to reduce sweatshop labor. Secretary Herman also issued a statement. However, despite the active participation and initial support of UNITE, the AFL-CIO and UNITE have announced that they will not join this agreement on the grounds that the monitoring would not be frequent enough and that the accord does not require apparel companies to pay workers a wage sufficient to meet a family's basic needs. In the coming weeks, the Labor Department, NEC, and OPL plan to work with the participating organizations -- the companies, human rights groups, consumer groups, and others -- to expand the participation further; we then hope to hold an event, perhaps at the White House, to announce new members of the AIP.

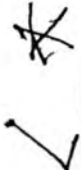
VP Launch of Iridium Satellite: Dorothy Robyn, on my staff, worked with the Vice President to inaugurate the new Iridium satellite telephone system, which enables subscribers to send and receive calls from anywhere in the world with a hand held mobile phone. Last Friday (10/30) from the Rose Garden, the Vice President telephoned Gilbert Grosvenor, the former Chairman of the National Geographic Society and the great-grandson of Alexander Graham Bell. The U.S.-based Iridium system, which started service on November 1, is the first of several "global mobile" phone systems to begin operating in the next few years. Satellite phone systems, along with offering convenience to business travelers, will accelerate economic development in poor countries that still cannot afford a land-based telephone infrastructure. They will also improve communications during natural disasters and other emergencies, when telephone wires and cellular towers often do not function.

APEC: My staff is working hard to finalize a strong package for the upcoming APEC Leaders meetings. Last Tuesday (10/26), I spoke to the Annual APEC CEO Business Roundtable to highlight our support for a strong APEC, and to lay out our vision for a successful Leaders meeting. As you know, we are building agreement on a package of financial architecture and social safety net reforms of special benefit to the APEC countries based on initiatives you called for in your recent speeches to the Council on Foreign Relations and to international financial officials.

Meeting with MIT President Charles Vest: Last Thursday (10/29) Tom Kalil, on my staff, and I met with MIT President Charles Vest, who is also a member of your President's Council of Advisors on Science and Technology. Dr. Vest thanked the Administration for its support of research and development, and urged the Administration to continue policies such as the "Research Fund for America." He noted the importance of supporting all scientific and engineering disciplines, and that there was a real danger of an imbalance between biomedical research and other disciplines, such as the physical sciences and engineering. (Congress gave NIH a \$2 billion increase in funding in FY99, as compared to a \$216 million increase for NSF). He also encouraged the Administration to pursue a major initiative in information technology research, which you called for in your MIT Commencement address. NEC and OSTP are working together to develop a proposal in this area for your consideration.

Speech to Schwab Washington Symposium: On Thursday (11/5), I addressed the Schwab Washington Research Group, senior executives from among the nation's largest institutional investors, during their 29th Annual Symposium. I discussed the Administration's economic priorities for 1999, the budget, and Social Security.

Information Technology Research: You should know that the National Academy of Science will be releasing a report on Monday (11/9) highlighting the role that government research has played in fostering innovation in the information technology industry. This will strengthen our case for a new initiative in IT research, which you called for in your June MIT Commencement address.

 **School-to-Work:** The School-to-Work program was always intended as a temporary, capacity-building program; it is now phasing out, and by FY 2001 funding will cease. Assessed according to the over-ambitious goals laid out in the legislation, the program's success has been mixed. However, analyzed according to the progress that has been made in the projects that were, the results have been quite positive. This week, my staff sat down with the new director of the School-to-Work office and representatives from Education and Labor to explore how we can better publicize the successes that the program has had, and perhaps establish a direction for the future. While it is not clear that something would be ready by the time of the State of the Union, that is our current goal.

11-9-98

EYES ONLY

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

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

November 6, 1998

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page 2

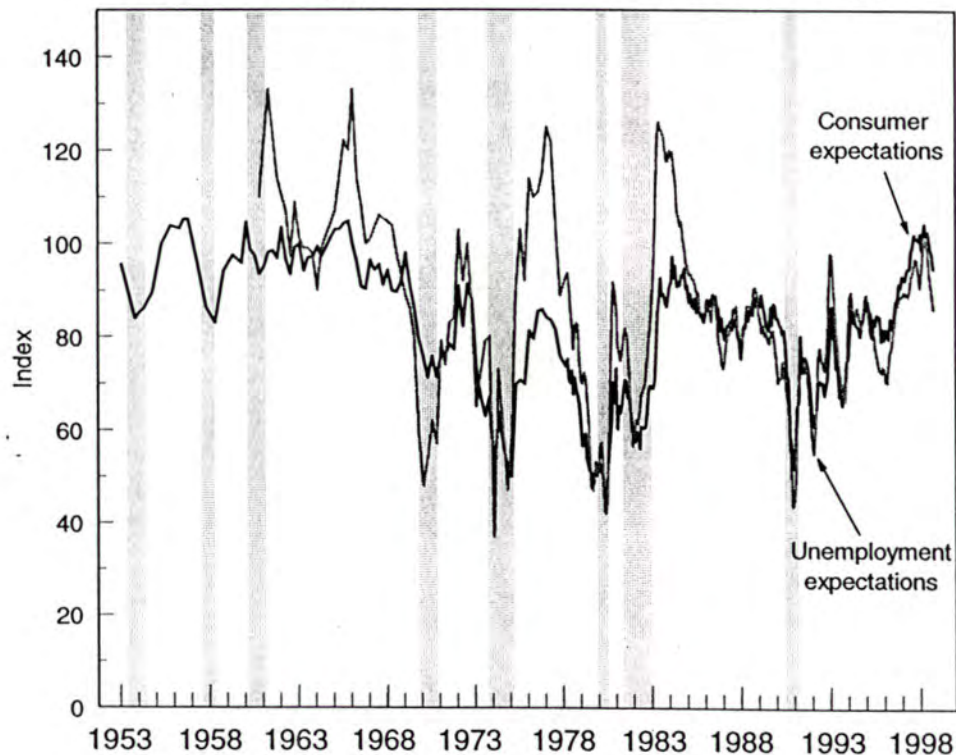
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CHART OF THE WEEK

Consumer Expectations and the Business Cycle

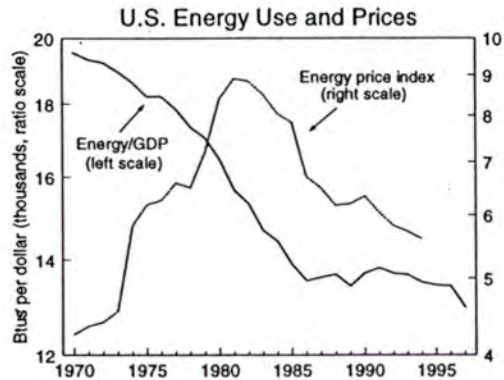


Consumer confidence remained high in October, though its level fell. The University of Michigan's index of consumer expectations is a component of the index of leading economic indicators, but researchers have found that an index of unemployment expectations, also based on the Michigan survey, is much more robustly correlated with most measures of spending. The index's average reading of 86 for the 3 months ending in October reflects the fact that 14 percent more respondents expected unemployment to rise than expected it to fall.

SPECIAL ANALYSIS

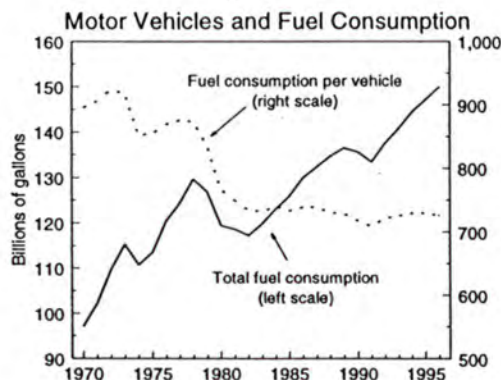
Energy Consumption: Low Prices Offset Efficiency Gains

Energy efficiency is much greater now than it was at the time of the first oil shock 25 years ago. Nevertheless, total U.S. energy consumption is greater than it was then.



Trends. The ratio of energy use to GDP (in Btus per dollar) fell rapidly in the 1970s and early 1980s, though it has remained relatively flat in the 1990s (see upper chart). Despite the efficiency gains, total energy use rose by 27 percent between 1973 and 1997, stimulated by population growth and rising per capita GDP. The entire increase came after 1986, a period of relatively low energy prices. Before 1986, relatively high energy prices had kept energy use flat.

Motor vehicles. One of the most dramatic increases in energy use was in motor vehicle transportation, where annual consumption rose 51 percent between 1970 and 1995. The average fuel efficiency of new passenger cars doubled between 1973 and 1996, from 14.2 to 28.5 miles per gallon.



These efficiency gains were partially offset, however, by an increase in miles traveled per vehicle and a shift toward more powerful vehicles. Average horsepower, for example, increased from 137 in 1975 to 166 in 1996. The net effect was a small decline in fuel use per vehicle (see lower chart) but a large increase in total fuel consumption due to an increase in the number of vehicles.

Residential. Energy consumption in the residential sector, by contrast, was about the same in the early 1990s as it was in the 1970s. Efficiency gains kept pace with increases in the number of households, average house size, and average number of appliances per household. For example, the efficiency of the average new refrigerator improved 192 percent from 1972 to 1996. Per household energy use declined rapidly in the late 1970s and early 1980s but has been stable since.

Conclusion. Changes in energy use are a race between efficiency gains and increases in population and income, with shifts in consumer behavior the "swing voter." Lower energy prices have shifted demand toward energy-intensive goods and services and resulted in higher energy use.

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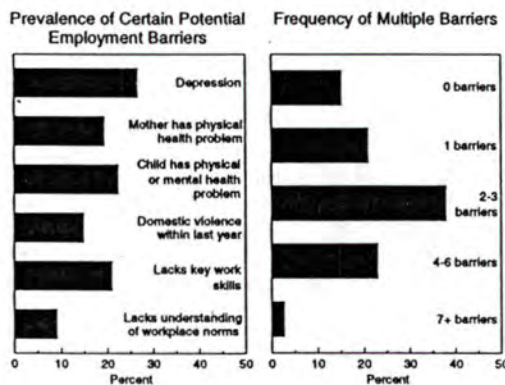
"Why, these are nothing but a lot of tax-and-spend proposals!"

SPECIAL ANALYSIS

Potential Barriers to Work among Welfare Recipients

Most discussions of welfare and work have focused on how education, work experience, child care, and transportation limit welfare mothers' employment and wages. However, other potential barriers to employment, such as mental and physical health problems, substance abuse, and domestic violence, also affect welfare mothers disproportionately and make employment difficult.

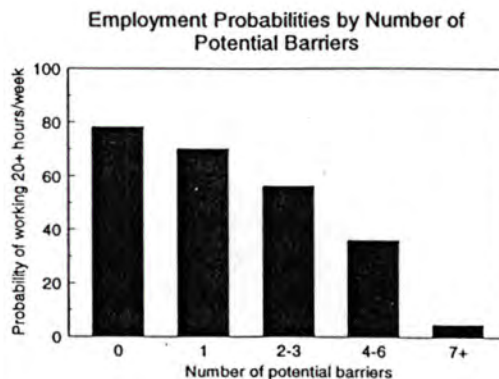
Prevalence of potential barriers. Two recent surveys of welfare recipients in San Bernardino County, California, and in an urban county in Michigan indicate that the vast majority of welfare recipients face at least one potential employment barrier.



Most face multiple barriers (see upper chart). In one study, for example, over 20 percent lacked key job skills, and roughly one in ten misunderstood workplace norms on issues such as punctuality, absenteeism, and lines of authority in the workplace. Mental health problems were quite common: the proportion diagnosed with depression was at the low range of previous surveys of low-income mothers but about twice as high as among all women. About one

in five had a physical health problem, and respondents were twice as likely to report physical limitations as women nationally. The share that reported severe physical abuse by a husband or partner in the last year was about four to five times the national average—though similar to rates reported in other welfare studies. Previous research has also found that 25 to 35 percent of recipients had a learning disability.

Employment. The studies find that these barriers do in fact affect employment. In one study, for example, the probability of working at least 20 hours per week decreased steadily with increases in the number of potential barriers faced by an individual (see lower chart). Even so, many people who faced barriers were able to work, and in some cases the differences in work participation were not large between those with and without a particular barrier. In San Bernardino, for example, just over one quarter of recipients with health problems met the 1998 California work requirement of 26 hours per week, a level similar to the 30 percent with no health problems who met the requirement.



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Overcoming barriers. Why are certain people able to overcome potential barriers to employment while others are not? The surveys do not examine this question, but previous research points to the confluence of “special circumstances” that help poor women work. These include co-residence with relatives or supportive boyfriends (and its associated economies of scale), free child care provided by relatives or friends, receipt of regular and substantial child support, access to transportation, and employer tolerance while new workers adjust to their jobs.

Implications. Overcoming barriers to employment will be a key component of recipients’ success under the new welfare system. New findings confirm that recipients differ in the number and severity of the barriers they face. For those with few or no barriers, providing job search assistance may be enough. For those with multiple barriers, more intensive, coordinated services may be required if they are to achieve economic self-sufficiency.

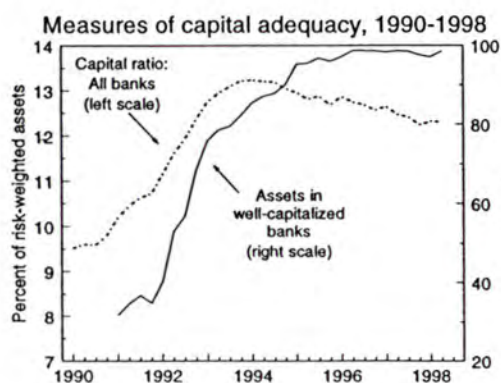
ARTICLE

Modernizing Bank Capital Standards

In 1989 Federal regulators adopted minimum risk-based capital (RBC) requirements for banks. RBC ratios have since come to play an important role in bank regulation and supervision. But these requirements may not be a reliable guide to the capital adequacy of large, global banks. Insuring that “regulation remains as modern as the markets” may require some updating of the standards.

The role of capital requirements. A bank’s capital acts as a cushion to absorb unanticipated losses and declines in asset values that could otherwise cause it to fail. The public policy interest in setting appropriate capital requirements arises because deposit insurance and other aspects of the Federal safety net (such as “too big to fail” intervention) provide incentives for excessive risk-taking by banks. Capital requirements provide a counterbalance by assuring that bank shareholders are exposed to a certain percentage of potential losses. The most commonly used measure of bank capital adequacy is the total risk-based capital ratio, defined as the ratio of a bank’s total capital to its risk-weighted assets. The 1988 Basle Accord, a G-10 agreement applying to internationally active banks, determined risk-weights by placing all assets in four risk categories. Cash, at one extreme, receives a risk weight of zero. Most non-mortgage loans receive a risk weight of 100 percent.

Our well-capitalized banks. Judged by their RBC ratios, U.S. banks are in very sound condition (see chart). Capital ratios of all banks have increased substantially since 1990, averaging 12.3 percent in the second quarter of 1998—well above the Basle minimum of 8 percent. In fact, the share of bank assets at “well-capitalized”



banks stood at 98.5 percent in the second quarter of 1998, up from just over 30 percent in 1991. (“Well-capitalized” banks are those that meet a number of conditions, including having a total capital ratio greater than 10.)

Are capital adequacy standards adequate? Critics question whether the Basle capital requirements provide an adequate measure of banks’ risk positions.

- One big bucket. Most bank assets—ranging from a secured loan to a triple-A borrower to an unsecured loan with a junk bond rating—are assigned the identical 100 percent risk weight and 8 percent capital requirement to cover credit risk.
- Diversification does not count. Although theory and practice prove that it is highly risky to put all of one’s eggs in a single basket, a portfolio consisting

entirely of agricultural loans to California farmers is treated identically with respect to risk as a diversified portfolio of loans across businesses and regions.

Regulatory arbitrage. The “one-size-fits-all” nature of the Basle capital regulations affords banks the chance to game the system. Through securitization and other financial innovations, a sophisticated bank can increase the riskiness of its portfolio to a preferred level while meeting or exceeding the regulatory capital requirements. One technique is cherry-picking, which involves shifting low-risk assets with unduly high regulatory capital requirements off the regulated banking book while retaining higher risk assets. This regulatory arbitrage might explain why no major U.S. bank holding company’s parent corporate debt is rated AAA, and, in fact, the parent corporate debt of almost 80 percent of the top 50 U.S. banking companies is rated below AA-.

Alternatives to RBC requirements. One alternative to the Basle Accord’s rule-based measures of credit risk entails increased reliance on the mathematical models now used by globally active banks to measure and manage risk as a matter of “best business practice.” A recent amendment to the Basle Accord permits banks to use their own Value-at-Risk (VaR) models for calculating RBC requirements against specific risks within their trading portfolios (bonds, swaps, derivatives). U.S. regulators are studying the feasibility of extending this approach and using banks’ internal models to estimate the economic capital required to support credit activities on the banking book. However, the collapse of Long-Term Capital Management—a firm that appears to have relied heavily on such a model-based approach to determine acceptable risks—serves as a cautionary tale. An even more radical alternative than internal models is to base a bank’s capital requirement on its own pre-commitment to a maximum loss exposure over a designated horizon, with appropriate penalties for non-compliance.

Conclusion. As the activities undertaken by sophisticated banking organizations have become more complex, the difficulty for examiners in evaluating bank capital adequacy using traditional capital tools has increased. The challenge is to protect the public interest in a safe and sound banking system while allowing banks adequate scope to pursue sophisticated profit-maximizing strategies.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Beige Book Reports Cautious Views about the Economic Outlook. The latest summary of commentary on current economic conditions from the Federal Reserve districts suggests that the pace of economic expansion moderated in the past 2 months, amid signs of slowing in some sectors. Retail sales were mostly at or below merchants' expectations, but there were only scattered reports of involuntary inventory accumulation. Real estate and construction activity remained generally robust, especially in residential markets, but most districts reported that more stringent credit standards were a factor slowing commercial and real estate activity. Manufacturing activity, though continuing at relatively high levels, was the sector most often cited as showing signs of softening. Labor markets remained very tight in most districts, although demand for workers in manufacturing industries was softening in some areas. Upward pressure on most wages remained subdued, prices at the retail level were little changed, and producers' prices for intermediate inputs were generally flat or down. Low commodity prices and adverse weather conditions in some areas were causing increasing concern among farmers and agricultural banks. Virtually all districts reported that businesses and consumers remained cautious about the economic outlook.

New Jersey Family Cap Lowers Birth Rate. Since 1992, New Jersey has precluded welfare recipients from receiving additional cash benefits for children conceived while on welfare. A new study tracks a sample of recipients subject to the family cap, as well as a control group exempt from the cap, over a 4-year period. While the immediate impact was to increase abortions among those subject to the cap relative to the control group, the study also found a growth over time in the use of family planning services among those subject to the cap. The net result was a decline in births that was larger for those just entering the rolls (12 percent) than for those already part of the caseload (9 percent). The decline in the birth rate among new cases was related both to increased use of contraception and to abortion, while the decline in the birth rate among ongoing cases was associated with more sterilizations and increased use of family planning services. A large majority of those subject to the cap said that the family cap was a fair rule that promoted individual responsibility.

Study Says Layoffs Do Not Lead to Higher CEO Pay. Firms that announce layoffs in the previous year pay their CEOs more and give them larger percentage raises than firms that do not have at least one layoff announcement in the previous year. However, a new study finds that the likelihood of announcing a layoff varies along other dimensions, such as firm size, that are also correlated with CEO pay. Taking into account these other effects, the CEO pay premium for laying off workers disappears. In addition, the study found a small negative share price reaction to layoff announcements.

INTERNATIONAL ROUNDUP

Developing World Gets in on the Anti-Dumping Act. Developing countries have become major users of anti-dumping policies, according to a forthcoming study. Developing countries have initiated over half of all dumping investigations since 1993, and they accounted for two-thirds of the total in 1996. The United States has initiated the most anti-dumping cases since 1987. Mexico, Argentina, and Brazil are the three most active new users. In fact, relative to the size of their imports, they are more active initiators than the United States and collectively initiated a fifth of all investigations between 1987 and 1997. Intense foreign competition brought on by accelerating trade liberalization might explain the growing use of anti-dumping policies among developing countries. However, the rise in the share of all cases brought by developing countries also reflects a decline in recent years in the number of cases brought by anti-dumping's past heavy users, particularly the United States and Canada. The study argues that this decline is probably temporary. Nevertheless, the study concludes that discussions of anti-dumping should no longer portray it as the exclusive domain of developed countries.

Signs of Life for Emerging Market Bonds. Just weeks ago, the market for emerging market bonds seemed closed. New issues from developing countries had virtually ceased, and prices for existing securities demonstrated strong investor reluctance to hold emerging market risk without a very high expected return. Sovereign spreads—the excess yield offered by emerging market bonds over comparable-maturity U.S. Treasury securities—had increased to levels unseen for most of the last decade. However, signs of life have recently reappeared, at least in the eyes of some market participants. Last week, Argentina became the first emerging market borrower to place a new issue since the Russian devaluation in August. Venezuela followed shortly thereafter. Improved investor sentiment has also become evident in declining sovereign spreads. Spreads for bonds included in JP Morgan's Emerging Markets Bond Index have fallen by over 650 basis points since September 10. Despite this decline, however, private borrowing costs remain substantially higher for emerging market countries than those prevailing even in early August.

More Declining Interest Rates in Europe. Spain and Portugal announced interest rate cuts this week, surprising many observers. Among countries shifting to the euro, only Ireland continues to maintain significantly higher interest rates than the rest. Once the single currency is established, short-term interest rates will have to be essentially the same in all member countries.

Britain Hopes to Close Productivity Gap. A recent report by the McKinsey Global Institute identified a significant British productivity gap when UK companies were benchmarked against global top performers in key market sectors. This may have colored the pre-budget report of the Chancellor of the Exchequer, Gordon Brown, who asserted that improving Britain's competitiveness was essential for it to remain at the forefront of the coming knowledge-driven international economy.

RELEASES THIS WEEK

Employment and Unemployment

Released 1:30 p.m., Thursday, November 5, 1998

In October, the unemployment rate was unchanged from September at 4.6 percent. Nonfarm payroll employment rose by 116,000.

Leading Indicators

In September, the composite index of leading indicators was unchanged for the second consecutive month.

NAPM Report on Business

The Purchasing Managers' Index fell to 48.3 percent in October from 49.4 percent in September

MAJOR RELEASES NEXT WEEK

Productivity (Tuesday)
Retail Sales (Friday)
Producer Prices (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1997	1998:1	1998:2	1998:3
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	3.8	5.5	1.8	3.3
GDP chain-type price index	5.4	1.7	0.9	0.9	0.8
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	1.7	3.5	0.1	N.A.
Real compensation per hour:					
Using CPI	0.6	1.9	4.1	2.0	N.A.
Using NFB deflator	1.3	2.0	4.3	3.4	N.A.
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	10.6	11.0	11.2	10.9
Residential investment	4.5	4.0	4.2	4.3	4.4
Exports	8.2	11.9	11.6	11.3	11.0
Imports	9.2	13.1	13.1	13.1	13.0
Personal saving	5.2	1.5	0.9	0.3	0.1
Federal surplus	-2.7	-0.3	0.7	0.9	N.A.
	1970- 1993	1997	August 1998	September 1998	October 1998
Unemployment Rate (percent)	6.7**	4.9**	4.5	4.6	4.6
Payroll employment (thousands)					
increase per month			322	157	116
increase since Jan. 1993					16962
Inflation (percent per period)					
CPI	5.8	1.7	0.2	0.0	N.A.
PPI-Finished goods	5.0	-1.2	-0.4	0.3	N.A.

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

New or revised data in **boldface**.

FINANCIAL STATISTICS

	1996	1997	September 1998	October 1998	Nov. 5, 1998
Dow-Jones Industrial Average	5743	7441	7910	8164	8915
Interest Rates (percent per annum)					
3-month T-bill	5.01	5.06	4.61	3.96	4.47
10-year T-bond	6.44	6.35	4.81	4.53	4.82
Mortgage rate, 30-year fixed	7.80	7.60	6.72	6.71	6.89
Prime rate	8.27	8.44	8.49	8.12	8.00

INTERNATIONAL STATISTICS

Exchange Rates	Current level November 5, 1998	Percent Change from Week ago	Year ago
Deutschemark-Dollar	1.657	0.2	-3.8
Yen-Dollar	117.5	0.1	-4.2
Multilateral \$ (Mar. 1973=100)	93.97	0.0	-1.9

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	3.4 (Q3)	4.6 (Oct)	1.5 (Sept)
Canada	2.9 (Q2)	8.3 (Aug)	0.9 (Sept)
Japan	-1.8 (Q2)	4.2 (Jul)	-0.2 (Sept)
France	3.1 (Q2)	11.7 (Jul)	0.6 (Sept)
Germany	2.5 (Q2)	^{2/} 7.4 (Aug)	0.8 (Sept)
Italy	1.1 (Q2)	12.4 (Apr)	1.8 (Sept)
United Kingdom	2.5 (Q3)	6.2 (Jun)	3.2 (Sept)

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 August 1998 is 9.6 percent.

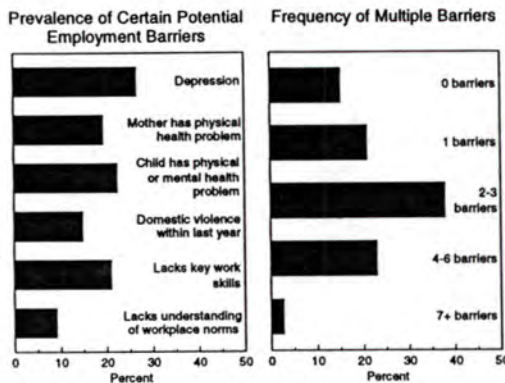
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Tipper Gore

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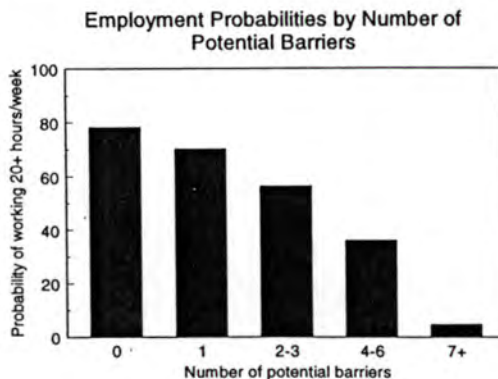


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individual (see lower chart). Even so, many people who faced barriers were able to work, and in some cases the differences in work participation were not large between those with and without a particular barrier. In San Bernardino, for example, just over one quarter of recipients with health problems met the 1998 California work requirement of 26 hours per week, a level similar to the 30 percent with no health problems who met the requirement.



THE PRESIDENT HAS SEEN
11-9-98

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

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November 6, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE *neal*
CC: JOHN PODESTA
SUBJECT: OSTP WEEKLY REPORT

Funding for National Bioethics Advisory Commission Unresolved

Each year, the Treasury/Postal Appropriations legislation includes language prohibiting interagency funding of federal advisory committees. Exceptions were made for NBAC during the past two years, however the FY 99 Omnibus Appropriations bill did not exempt NBAC from the interagency funding prohibition even though such an exemption was included in the House and the Senate Treasury/Postal bills. In the past, NBAC has received half of its funding from HHS, which is designated as the lead agency, with the other half provided by 6-8 other NSTC agencies involved in human subject research. It is natural to now look to HHS to shoulder the full-funding level for NBAC (~\$3 million per year). NBAC has completed two important projects and has two more underway. I will work with John Podesta to ensure sufficient funding for NBAC to continue its efforts on improving human research subjects protection.

Scientist Wins Congressional Seat

Rush Holt, a Princeton physicist, defeated an incumbent Republican to win election to the House of Representatives from New Jersey's 12th Congressional District. Although Holt was given little chance of winning at the beginning of the year, he raised over three-quarters of a million dollars, and came from behind in the final stretch to dislodge Rep. Mike Pappas. Holt says he "looks forward to being an articulate voice in Congress for science and research." I spoke with Holt after the election and offered my congratulations, and will meet with him next week when he visits the White House to discuss opportunities to work together on science and technology issues.

Climate Predictability

In a recent article in *Science*, J. Shukla of George Mason University argues that regional wind patterns and rainfall in certain regions of the tropics are more predictable than previously believed. Local weather forecasts suffer from the "chaotic" behavior of the atmosphere, and accurate local weather forecasts can therefore only be made a few days in advance. In open-ocean areas of the tropics, however, the regional dynamics of wind and rainfall patterns are strongly determined by sea-surface temperatures, making region-wide weather patterns less

chaotic and therefore more predictable. The author asserts, in addition, that during years with large El Niño events, the regional Pacific-North American winter weather patterns are also strongly influenced by sea-surface temperatures. This suggests that for all future major El Niño events, it should be possible to predict regional winter weather patterns over significant portions of North America several months in advance.

PCAST International Energy Panel

PCAST's International Energy Panel met for two days last week (October 29-30) to begin development of the report you requested on international cooperation in energy research, development, and deployment. Representatives from USAID, the World Bank, and the Departments of Energy, Commerce, and State briefed the Panel. Dr. John Holdren chairs the Panel, and its report is due to me on March 31, 1999.

THE PRESIDENT HAS SAID

11-9-98

THE WHITE HOUSE
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November 6, 1998

MEMORANDUM FOR THE PRESIDENT

FROM:

AFL
ANN LEWIS AND STACIE SPECTOR

SUBJECT:

COMMUNICATIONS WEEKLY REPORT

Amplification

For each of your message events we worked with outreach offices to ensure that the message got to our key networks.

Patients' Bill of Rights

- Worked with the American Nurses Association, National Breast Cancer Coalition, and American College of Emergency Physicians to send out press releases for the event.
- Distributed materials to 540 women's advocacy groups, 70 religious organizations, 25 African American health organizations and 300 organizations and advocates from the disabilities community.
- Distributed materials to Cabinet, governors, mayors, state legislators and county executives, and House and Senate Democratic leadership offices.

Interviews with BET, Tom Joyner, American Urban Radio, & Radio Bilingue

- Distributed the transcripts to 1,000 print, radio, and tv outlets; our Hispanic desks; media organizations including the National Association of Black Journalists, the National Newspaper Publishers Association and the National Association of Black-Owned Broadcasters, and African American columnists and leaders for writing op-eds.

Vice President's Domestic Violence Announcement

- Distributed materials to women's groups, domestic violence advocacy groups and advocates of women's issues, religious organizations, African American women's organizations and the disabilities community.

Social Security Meeting with Economic Advisors

- Distributed materials to women's advocacy groups; religious organizations, African American leaders and organizations, and the disabilities community.
- Distributed materials to African American civil rights groups, African American education organizations and the disabilities community.

Little Rock Nine/Central High School

- Distributed materials to African American civil rights groups, African American education organizations, organizations and advocates from the disabilities community, women's organizations and religious groups.
- Distributed materials to Cabinet, governors, mayors, state legislators and county executives, and House and Senate Democratic leadership offices.

Week Ahead

- On Monday you welcome the 1998 NCAA Men's and Women's Basketball Champions to the White House; Tuesday the Vice President will launch a new virtual Vietnam Veteran's Memorial Wall website; Wednesday you will host a Veteran's Day Breakfast at the White House and then participate in a ceremony at Arlington Cemetery; Thursday, the Vice President travels to California to address the Mexican American Legal Defense and Education Fund; and, Friday you depart for Guam.

Web Site

- **Little Rock Nine/Central High School.** Created a web page that displays the fact sheet, the bios of the Little Rock Nine, a photo from the bill signing event as well as links to the bill that you signed designating Central High School as a national historic site and your remarks.

Friends

- Bob Strauss and George Stevens called to express support following Ann's letter to the editor of *The Washington Post*.

Attachment

- The Feminist Majority's statement regarding the women's vote and the 1998 elections.



FEMINIST MAJORITY

Working for Women's Equality

FOR IMMEDIATE RELEASE
November 4, 1998

CONTACT: Justine Andronici
(703)522-2214

Eleanor Smeal
President

Peg Yorkin
Chair of the Board

Katherine Spillar
National Coordinator

Updated 2pm, November 4

GENDER GAP DECISIVE, ABORTION KEY FACTOR IN ELECTIONS NATIONWIDE

Statement by Eleanor Smeal, President, Feminist Majority

The women's vote decisively delivered historic wins for Democrats in key House, Senate, and Gubernatorial races. In the much-watched New York U.S. Senate race, Congressman Charles Schumer defeated incumbent Republican Senator Alphonse D'Amato by a 10 point gender gap, with 59% of women voting for Schumer. California U.S. Senator Barbara Boxer (D) was re-elected with a 9 point gender gap over Republican Matt Fong; if only men had voted, Fong would have won. One of the largest gender gaps in this election was registered in the upset victory of Democratic challenger John Edwards over incumbent Republican Senator Lauch Faircloth in North Carolina -- a whopping 16 point gender gap. Women voted 59-40% for Edwards, while men voted 55-43% for Faircloth. And Fritz Hollings (D) would not have won his Senate race in South Carolina without the 7-point margin of support provided by women voters. Gender gaps also put incumbent Democratic Senator Patty Murray in Washington State (8-point gender gap) and newly elected Democratic Senator Blanche Lambert Lincoln in Arkansas (5-point gender gap) over the top in their races.

Overall, the gender gap -- with women favoring Democratic House candidates and men favoring Republicans -- held firm. In 1998, the majority (51%) of women voters supported Democratic House candidates, while the majority (52%) of men voted Republican. In 1996, House Democratic candidates won support from 55% of women, while 54% of men supported Republicans. Incumbent Congresswoman Julia Carson, viewed as one of the most vulnerable Democratic women in the House, won with women's votes. House Speaker Newt Gingrich's leadership was delivered a historic defeat by women voters, who were fed up with the impeachment drumbeat and alarmed by the anti-women's rights and anti-abortion rights record of the Gingrich-Lott Congress.

The gender gap also fueled gubernatorial upsets. In Maryland, pro-choice incumbent Democratic Governor Glendening won with a decisive 13% gender gap -- 60% of women voted for Glendening while 50% of the men voted for anti-choice Sauerbrey. A 6-point gender gap -- with women voting 55% for Barnes (D) and a plurality of men voting for Milner (R) -- helped elect a Democratic governor in Georgia.

The abortion issue contributed heavily to the Democratic wins. In California, exit polls showed that abortion was the second most important issue in the U.S. Senate race and the third most important issue in the gubernatorial race in which pro-choice Democrat Gray Davis prevailed over anti-choice Dan Lungren. Winning Democrats such as Schumer, Boxer, and Glendening successfully used the abortion issue to distinguish themselves from their anti-choice opponents in the closing days of the campaign. The tragic murder of New York abortion provider Dr. Slepian made the abortion issue even more salient and motivated supporters of abortion rights to vote. Moreover, efforts to ban late term abortions were rejected by voters in both Colorado (52%-48%) and Washington State (57% - 43%). In Washington State, young voters were the strongest opponents of the abortion ban, with 64% of voters 18-29 voting no.

Editor's Note: Eleanor Smeal, who is trained as a political scientist, was the first to identify the "gender gap" -- the difference in the way women and men vote -- and popularized its usage in election and polling analyses to enhance women's voting clout. Feminist Majority Director of Policy and Research Jennifer Jackman, Ph.D., also contributed to this analysis. The Feminist Majority houses extensive historical data on women's voting, the gender gap, women's issues, and women candidates.

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THE WHITE HOUSE
WASHINGTON

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November 6, 1998

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MINYON MOORE

SUBJECT: OFFICE OF PUBLIC LIAISON WEEKLY REPORT (Nov. 2-Nov. 6)

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

• **Little Rock Central High School National Historic Site:** The Little Rock Nine were touched and honored by your decision to sign the legislation designating the Central High School in Little Rock as a national historic landmark. They all stated that they were thrilled to be hosted in the Oval Office. They also stated that today will remain a memorable day in their lives. They look forward to seeing you again at the Congressional Medal Ceremony. A diverse audience of over 350 people attended the ceremony. OPL has received favorable reactions stating that this bill signing marks a milestone in our country's history and adds to your record of civil rights and education accomplishments. The talking points and press release on the ceremony were sent to all of OPL's constituency groups.

• **Domestic Violence Announcement:** The Women's Office worked with the Vice President's office in building the audience for the domestic violence announcement on Wednesday. OPL and the Women's Office sent the press release and background information on the event to all of our constituency groups, including over 500 women's groups.

• **Hate Crimes Prevention Act:** A working group is looking at ways to create momentum for the Administration's Hate Crimes Prevention Act as the new session of Congress approaches. Representatives from Public Liaison, Counsel's Office, DPC, Legislative Affairs, DOJ and Senator Kennedy's Office met this week. OPL will be organizing a series of meetings with the law enforcement community, women's groups and the disability community. Gay and lesbian leaders are already quite energized around the legislation since the death of Matthew Shepard.

CONSTITUENT OUTREACH AND OTHER ISSUES

AFRICAN AMERICAN OUTREACH

• **Honorary Doctorate in Public Service Conferred Upon Ben Johnson:** Ben Johnson received the Honorary Degree in Public Service from Morgan State University on Thursday during the University's Founders Day Services. Ben delivered the keynote address and used the opportunity to highlight your budget accomplishments that have significantly impacted the African American community. Your statement on his convocation was sent to over 100 African American newspapers across the country.

BUSINESS OUTREACH

- **Administration Briefing with the Economic Development Commission of Mid-Florida:** At the request of Senator Bob Graham, OPL hosted a briefing for the members of the Economic Development Commission on Friday. Over sixty members heard from several representatives from the Administration, including Major General Donald Kerrick of the NSC and Ambassador Peter Scher from USTR.
- **Georgia Chamber of Commerce:** OPL met with former Rep. Lindsay Thomas, who is now the President and CEO of the Georgia Chamber of Commerce. Thomas wanted to relay the Georgia Chamber's interest in supporting the Administration's education efforts, especially in Life Long learning programs and in the Vice President's upcoming conference.
- **Response from Steel Executives:** The immediate response to your and the Vice President's meeting with the steel CEOs was very positive and productive. In conversations with OPL staff, the steel CEOs appreciated your concern for the industry and your willingness to address it at APEC.

DISABILITY OUTREACH

- **American Disabled for Attendant Programs (ADAPT):** On Monday, Tuesday, and Wednesday, approximately 600 members of ADAPT held demonstrations at the DNC, RNC, and HHS in opposition to Medicaid policies that prevent the disabled from receiving home- and community-based services. About 20% of Medicaid long-term dollars assist individuals in homes and communities. The rest supports institutional care. The DNC, RNC, and HHS agreed to meet with ADAPT leaders in the near future. ADAPT recognizes that long-term issues are complex, and urges the President to begin by publicly proclaiming a principled policy goal of moving toward home- and community-based services.

EDUCATION OUTREACH

- **Report on Teacher Shortages:** A National State Boards of Education (NASBE) report claims that an uneven distribution of teachers contributes to teacher shortages. The report cites poorly designed state policies as the top reason behind an uneven distribution of teachers across subjects, specialties, and geographic areas. The report also says teacher preparation, student discipline, and salary issues must be addressed in order to reduce turnover.
- **Education Budget:** The Committee for Education Funding stated its belief that the 105th Congress, in the end, delivered a substantial investment in education.

GAY/LESBIAN OUTREACH

- **Fayetteville Non-Discrimination Ordinance:** Voters in Fayetteville on Tuesday voted to rescind the recently enacted municipal ordinance that provided for a sexual orientation non-discrimination policy in municipal hiring. The ordinance had been passed following a campaign waged by Carolyn Wagner, whose gay son had been beaten repeatedly in the Fayetteville public schools. Mrs. Wagner has corresponded with you. Also, ballot initiatives opposing same sex marriage won easily in Hawaii and Alaska.

HISPANIC OUTREACH

- **Meeting with the President and Co-Chairs of Fair Treatment for Immigrants:** OPL and DPC met with this immigrant, advocacy organization to discuss the concerns of immigrants in Nevada dealing with recent denials of work permits. The immigrants claim that they had been given fraudulent work permits by an INS officer during 1989-1991. In 1991, the fraud was discovered. In 1996, the INS sent out letters to the immigrants informing them that the work permits they had received were fraudulent and therefore, they were not eligible to work in the United States. Further, if they tried to renew their work permits they would be denied. Now the immigrants are petitioning the Administration to grant them some type of interim relief that will allow them the ability to obtain work permits since the INS did not deny them renewal of their work permits until 1996, five years after the fraud was actually discovered.

RELIGIOUS OUTREACH

- **Religious Freedom:** The State Department Advisory Board on Religious Freedom is coming to an end this fall. In a meeting this week, the board discussed issues and difficulties in ensuring that the nine person board mandated by the recently passed Religious Freedom Abroad legislation will be as diverse as it should be. You will name three people to that board, and we are meeting with NSC and State to discuss possible names. There is also concern in the religious community that the State bureau be adequately funded.

WOMEN'S OFFICE OUTREACH

- **Violence at Abortion Clinics:** Reports are circulating that the Attorney General may announce on Monday the formation of a national task force regarding violence at clinics that practice abortion. These reports are stirring favorable reactions in the women's community. During a call from our office, Marylinn Buckham, Director of the clinic where Dr. Slepian practiced, stated that while some staff had left, they are most worried about their long term ability to provide abortions, particularly she said "after our wonderful President leaves office."
- **Osteoporosis:** We met with representatives interested in osteoporosis research relative to possible increase in next year's budget for osteoporosis education and research, particularly from FDA, HHS and DOD. Dan Mendelson of OMB provided an overview of next year's expected budgetary considerations, mandatory and discretionary, relative to osteoporosis and other major diseases. We all concluded that now was the most opportune time for all of parties to discuss these concerns, and vowed to expand our public-private partnership on this issue.

THE WHITE HOUSE
WASHINGTON

November 6, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: THURGOOD MARSHALL, JR. T.M.
KRIS BALDERSTON

SUBJECT: Summary of Cabinet Weekly Reports
October 31 - November 6, 1998

DEPARTMENT OF TREASURY

- **Brazil Fiscal Package:** On October 27, Brazilian President Cardoso announced an \$84 billion Fiscal Stabilization Program. The program of budget cuts, tax hikes, and other measures, which must now be passed by the Brazilian Congress, seeks to save \$24 billion in 1999, and even more in 2000 and 2001. The plan was welcomed as "important progress" by the IMF, which is putting together a \$30 billion emergency credit line for Brazil. Some observers have expressed disappointment that the Brazilian package features more tax increases (including a near-doubling of the tax on financial transactions) than spending cuts. In addition, some of the proposed measures, particularly those affecting public sector pensions, will be difficult to enact. Others will require Constitutional amendments.
- **Russia:** On October 31, the Russian government approved an economic plan that was presented to the Duma this week. The program is deficient in several respects. First, it will reduce revenues and increase expenditures. Second, some elements of the plan represent a distinct step away from market-based policies. Third, the plan asserts the need for exchange rate and price stability without offering a program to achieve these goals. The plan also provides no strategy for dealing with Russia's debt issues. The IMF provided the Russian government with a critique of the program, highlighting its lack of macroeconomic underpinnings and backward moves on structural reforms. Treasury continues to communicate with its Russian counterparts to devise a more constructive economic reform plan.
- **Japan:** On November 16, the Government of Japan will release a new fiscal stimulus package. There is a faction in the Japanese Government that continues to oppose additional stimulus and recent statements by some Ministry of Finance officials have lowered expectations that tax cuts will be significant.

DEPARTMENT OF JUSTICE

-  **Freedom of Access to Clinic Entrances (FACE):** On November 9, DOJ will announce the creation of a National Task Force to coordinate the investigation of acts of violence against abortion providers. The Task Force will also address ways to improve law enforcement training and evaluate clinic security operations.
- **Uniform Crime Reports:** On November 22, the FBI will release the Uniform Crime Reports for 1997. The preliminary reports show crime is down for the seventh consecutive year. Violent crime, juvenile crime, and crime in major cities are down as well, except in some mid-sized cities.
- **National Instant Check System (NICS):** On November 30, the permanent provisions of the Brady Law will take effect and DOJ will implement the NICS. NICS will allow law enforcement officials access to a fuller set of records than is currently available and will for the first time apply to the sale of long guns and to firearm transfers at pawnshops. The number of background checks conducted before the purchase of a firearm will increase under NICS from an estimated four million to more than ten million.
- **COPS Grants:** On November 5, DOJ announced the latest round of community policing grants. The \$18.4 million will fund 276 officers affecting 139 jurisdictions. The total number of officers to date under the COPS program is 88,738.
- **AR Superfund Case:** On October 9, an AR district court granted summary judgment to the U.S. in the amount of \$102.9 million, plus future costs, thereby concluding 18 years of litigation at the Vertac Superfund Site. From the 1960s to the 1980s, a herbicide manufacturing plant operated on the site and manufactured, among other things, Agent Orange. This is the largest adjudicated judgment under the Superfund law for the U.S.
- **Health Care Task Force Federal Advisory Committee Act Appeal:** DOJ has appealed the ruling on a challenge to your Task Force on National Health Care Reform under the Federal Advisory Committee Act. Oral argument is scheduled for November 12.
- **Japanese-American Internment Funds:** On October 13, a class action was commenced against the U.S. under the Civil Liberties Act (CLA) of 1988. The CLA provides, among other things, for redress payments for American citizens and permanent resident aliens of Japanese ancestry during World War II and grants for activities to educate the public about the internment. The organization alleges that it and others did not receive their full educational grants due to a shortage caused by Treasury's failure to invest the Fund in an interest-bearing account, as required under the CLA.
- **FBI 90th Anniversary:** On November 20, Attorney General Reno will address the 90th Anniversary of the FBI. Former President Bush will keynote the event.

DEPARTMENT OF INTERIOR

- **Tulsequah Chief Mine Problems:** On November 16, the U.S. will attend a final technical consultation with Canada on the Tulsequah Chief Mine. British Columbia is pushing forward with the proposed reopening and expansion of the Tulsequah Chief Mine in the Taku River basin along the AK-British Columbia border. However, after nearly four years of extensive consultations, U.S. environmental concerns with the proposal remain unanswered. Since last spring it has become clear that the only way to resolve this conflict is through a joint referral to the International Joint Commission, and DOI expects the need for such a referral after the meeting on November 16.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **NC Conservation Announcement:** By November 9, USDA expects to complete negotiations with NC officials to establish a Conservation Reserve Enhancement Program (CREP) to prevent farm run-off from the Neuse, Tar-Pamlico, and Chowan Rivers in eastern NC. Similar to other CREPs, which have received extensive public, Congressional, and media attention and support, under the NC project USDA expects to commit \$275 million to the program, an extension of USDA's Conservation Reserve Program, the federal government's largest and most extensive private land conservation program.
- **TN Rural Water Systems Aid:** On November 16, USDA plans to announce an award of \$3 million to four rural TN water systems and is coordinating the announcement with Mrs. Gore's planned visit to a rural TN health clinic.
- **Agricultural Outlook:** On November 19, ERS will release the December *Agricultural Outlook*. The December *Outlook* will focus on the implications of U.S. farm policy changes on agricultural marketing and the challenges of storing and transporting a "bin-busting" harvest.

DEPARTMENT OF COMMERCE

- **Africa Economic Forum:** On December 9-10, seventeen countries will participate in the Africa Economic Forum in Washington, DC. The International Trade Administration is preparing papers for DOC's three program components: a session on accessing U.S. capital and presenting African markets, a roundtable chaired by Secretary Daley with his counterparts from the invited countries, and a roundtable hosted by Deputy Secretary Mallett on Africa's progress on trade integration with the leaders of the continent's paramount regional organizations.

- **Irish Peace Process:** On October 29, Secretary Daley delivered remarks to an audience of 175 business and academic leaders at the final U.S. briefing of the Industrial Development Board for Northern Ireland. The Secretary joined Northern Ireland senior officials and new Northern Ireland Assembly members to stress the Administration's ongoing support for a lasting peace in the region by encouraging U.S. and Bay Area businesses to develop business ties in the region.
- ***Pfiesteria*:** In late October, scientists from NOAA's Center for Coastal Ecosystem Health and Biomolecular Research in Charleston, SC began training scientists from the Centers for Disease Control and Prevention to set up reporter-gene technology to measure *Pfiesteria piscicida* toxins and apply CDC sample collection methods to harmful algal bloom research.
- **U.S.-Japan Common Agenda on Oil Spills:** On October 27-30, National Ocean Service Office of Response and Restoration representatives were in Tokyo to attend the first meeting of the Joint Japan-U.S. Oil Spill Response Working Group. The working group was formed as part of the Vice President's Common Agenda. Attendees discussed oil spill response in the U.S. and Japan, including seafood safety issues, shoreline cleanup assessment techniques, research needs, contingency planning, oil spill response framework, training, and outreach opportunities.

DEPARTMENT OF LABOR

- **Federal 2000 Initiative:** OSHA and Office of Worker Compensation Programs continue to work toward the announcement of the joint Federal Worker 2000 Program. The initiative challenges all government agencies to improve their safety and health programs and is directed toward reducing injuries and illnesses in the Federal workplace.
- **Lifelong Learning:** DOL has taken a leading role in the development of the Lifelong Learning Summit scheduled for January 12. The Summit will focus on access by adult incumbent workers to various aspects of on-going educational enhancement, as well as skills training. It will also highlight the best practices of employers, educational organizations, and labor entities that provide lifelong learning opportunities to their employees.
- **Salute to Veterans:** On November 10, Secretary Herman will attend DOL's 18th annual Salute To All American Veterans and meet with the national commanders of the major veterans service organizations to discuss how DOL is incorporating veterans issues into all agency programs and policies.

- **Bureau of Labor Statistics (BLS) Data Announcements:**

- ▶ November 10 - Productivity and Costs (third quarter) (preliminary).
- ▶ November 12 - Employment and Average Annual Pay for Large Counties (1996).
- ▶ November 13 - Producer Price Indexes (October).

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **1999 Medicare Physician Practice Expense Payments:** On November 2, the new Medicare resource-based practice expense payments for physician services was published in the *Federal Register*. This budget neutral change is required by the Balanced Budget Act of 1997 and will alter payment levels among physicians who provide Medicare services. In general, physicians who provide services principally in office settings, like family practitioners and internists, will experience increases, while physicians who provide services principally in hospital settings, like cardiac surgeons and radiologists, will experience payment decreases. Payments for 1999 will be based on a blend of 25 percent of the new resource-based system and 75 percent of the old charge-based system.
- **Pharmaceutical Good Manufacturing Practices and Medical Devices:** During the week of November 2, the FDA published a final rule that sets out the conditions under which the Agency will be able to determine the equivalence of certain regulatory systems of EU Member States for drugs and medical devices. This is part of a tentative MRA between the U.S. and the EU which will be binding on the FDA. Based on the confidence gained by such equivalence determinations, FDA may be able to rely on inspection reports received from those regulatory systems.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Colonias Initiative:** On October 27, Secretary Cuomo toured Colonias Housing in Brownsville, Monte Alto, and San Juan, TX. Colonia is a Spanish term which refers to substandard housing along the U.S.-Mexico border. Secretary Cuomo awarded \$2.1 million to help create affordable housing for 280 families at these sites. This funding is part of \$25 million which HUD will provide to poor rural and Native American communities across the nation to improve housing conditions and create jobs. A total of \$5 million is set aside for the Colonias Initiative, enabling poor working families -- primarily low-paid farmworkers -- along the U.S.-Mexico border to become homeowners.

DEPARTMENT OF TRANSPORTATION

- **Millennium Trails Projects:** On November 9, Secretary Slater expects to announce nearly \$4 million in projects for the Millennium Trails Initiative. First announced by the First Lady, the initiative will create more than 2,000 trail projects throughout the country to "honor the past and imagine the future," investing in America's legacy. The projects are in nine states: AZ, CA, ID, WA, NY, MA, RI, SC, and WY.

- **Potential Strike by Federal Express Pilots:** Federal Express is negotiating a collective bargaining agreement with its pilots' union, the FedEx Pilots Association (FPA), but the two sides remain far apart on several compensation and work rule issues. The current talks are not being mediated by the National Mediation Board (NMB) -- a step normally required by the Railway Labor Act prior to any self-help action. FPA contends that it has the authority to strike based on NMB's release of the Air Line Pilots Association from mediation several years ago, when the Association represented the FedEx pilots.
- **Proposed Civil Penalty Against Federal Express:** The FAA will propose a \$325,000 civil penalty against Federal Express of Memphis, TN for violating DOT hazardous materials regulations. The FAA cited Federal Express for improperly accepting and transporting six shipments of hazardous materials during the period November 1996-January 1998.
- **North American Free Trade Agreement (NAFTA):** During the week of November 2, DOT officials discussed with representatives from the Express Delivery industry (FedEx, UPS, and others) next steps in an on-going dispute with Mexico regarding regulation of the industry under NAFTA. Consideration is being given to requesting a formal panel under Chapter 20 of NAFTA.
- **Proposed Fine of Northwest Airlines:** The FAA has proposed fining Northwest Airlines \$375,000 for violating maintenance requirements on a DC-9 aircraft and operating the plane in an unairworthy condition. The action stems from a review of discrepancy reports filed by pilots who flew the aircraft in July 1997.

DEPARTMENT OF ENERGY

- **International Radioecology Laboratory (Savannah River):** On November 19, a laboratory-to-laboratory agreement will be signed establishing a permanent international radioecology laboratory in the city of Chernobyl near the site of the 1986 nuclear accident. The five-year agreement, announced by the Vice President and Ukrainian President Kuchma in July of this year, established the scope of cooperation between the two governments in the conduct of field research and state-of-the-art analysis at the laboratory to be called the International Radioecology Laboratory. The agreement calls for cooperation between the two countries' laboratories and contractors to exchange scientific and technical information, scientists, and technical experts.
- **Supercomputer Conference:** DOE's Office of Strategic Computing and Simulation will participate in the Supercomputing Conference '98 on November 9-13 in Orlando, FL. It is the intention of DOE to announce that the Blue Mountain computer system, developed by SGI/Cray Research and located at DOE's Los Alamos National Laboratory, has come on line and is running at very high speed.

- **Production of Plutonium-238:** Public scoping meetings on an Environmental Impact Statement on proposed production of plutonium-238 for use in advanced radioisotope power systems for future space missions will be held in Idaho Falls, ID on November 12, Oak Ridge, TN on November 17, and Richland, WA on November 19.
- **National Transportation Research Center Groundbreaking (Oak Ridge):** A groundbreaking ceremony for the Oak Ridge National Transportation Research Center is being tentatively planned for November 18.
- **Security Arrangements for Shipping Spent Fuel:** Earlier this month, the Nuclear Regulatory Commission approved security arrangements for trucking a bundle of irradiated nuclear fuel from a power plant near Philadelphia to a facility near Pleasanton, CA. The purpose of the shipment is to test the feasibility of burning fuel in commercial reactors for a longer period than is the current practice. There have been over 1,000 separate shipments of commercial spent fuel in the U.S. over the last 20 years.

DEPARTMENT OF EDUCATION

- **NAEP Arts in Education Release:** On November 10, at the National Press Club, Secretary Riley will release a comprehensive assessment of the effect of arts education on student performance in the basics, as measured by the National Assessment of Educational Progress (NAEP). The report, which will include information on students' ability to create, perform, and respond in four art forms, will show a significant positive relationship between arts education and basic academic skills. DOEd plans to use the report's release to begin a series of events to discuss the importance of these skills as a national priority, including a nationwide teleconference with Secretary Riley on arts education, to be held on December 1.
- **Math Initiative:** DOEd and the National Science Foundation are planning to launch soon a national mobilization of volunteer tutors to help K-9 students improve their math performance. The initiative will build upon the success of the America Reads Challenge in using volunteers and federal work-study students to lend their expertise to prepare elementary and middle school students to take algebra and geometry by the 8th or 9th grade and rigorous college preparatory courses in high school.
- **Education at the Polls:** On November 3, CO voters soundly defeated Amendment 17, a constitutional amendment that would have launched the nation's most far-reaching program of public support for families placing children in private or parochial schools. The amendment would have given tax breaks to qualifying parents of K-12 students, with top priority to families whose children transfer from low-performing public school districts to private schools.

- **Blue Ribbon Schools:** On November 12-13, DOEd will honor 166 schools around the country that have been recognized in 1998 under the Blue Ribbon Schools program. At the event, DOEd will announce the selection of seven new "New American High Schools," chosen for their dedication to strong academic achievement for all students and preparing all students for college and careers.
- **Section 504 Anniversary:** DOEd staff are planning a November 9 celebration of the 25th anniversary of the enactment of Section 504 of the Rehabilitation Act, which prohibits discrimination on the basis of disability in education programs or activities that receive federal funding. Secretary Riley and other Administration officials are expected to participate.

VETERANS AFFAIRS

- **Homeless Veterans:** Secretary West will deliver the keynote address at the annual Veterans Day Personal Care Day hosted by the Kenny Nickelson Memorial Foundation for Homeless Veterans in Los Angeles, CA. The Secretary will also present VA grants to three homeless veterans service organizations.
- **VA Radiologist Honored:** Dr. Steven Harms, the Chief of Radiology at the Little Rock, AR VA Medical Center, has been presented with the Komen Award for Scientific Distinction from the Susan G. Komen Breast Cancer Research Foundation. The award was presented to Dr. Harms for his pioneering work on breast magnetic resonance imaging (MRI).
- **Welfare-to-Work:** On November 3, the *Washington Post* highlighted the fact that VA had substantially exceeded its Welfare-to-Work target of 800 hires. VA hired almost 1,300 former welfare recipients during FY97-FY98.
- **AmeriCorps Training:** On October 27, the Director of VA's Homeless Programs spoke at a training session for the new class of AmeriCorps members working in the Washington Metropolitan Area under the National Collaboration for Homeless Veterans. Members of the class, half of whom are veterans, were given an overview of VA's involvement with AmeriCorps and VA programs and services for homeless veterans.

ENVIRONMENTAL PROTECTION AGENCY

- **Food Safety:** On November 10, your Council on Food Safety will sponsor a public meeting in Chicago, IL to discuss and solicit public comment on the comprehensive Federal food safety plan and to discuss the recent National Academy of Science's recommendations on the U.S. food safety system. The meeting is being sponsored by EPA, USDA, HHS, FDA, and CDC.

- **Nuclear Waste Repository:** In an October 23 letter to Nuclear Regulatory Commission (NRC) Chairman Jackson, Administrator Browner expressed "deep concern" regarding the health standards being drafted by the NRC for the proposed Yucca Mountain Repository in Nevada. The standards that NRC is proposing within its permit for the site are not sufficiently protective of public health and the environment. EPA is committed -- as required by the Energy Policy Act of 1992 -- to establishing truly protective health and safety standards for Yucca Mountain. EPA is continuing discussions with NRC and DOE over what is the appropriate level of protection for public health and ground water.
- **Brownfields '98:** On November 16-18, the Brownfields '98 Conference will be held in Los Angeles, CA. The conference, which will attract over 2000 participants, will provide a comprehensive overview of Brownfields issues and will provide networking opportunities for major stakeholders -- such as mayors, lenders, environmentalists, and community groups -- involved in Brownfield cleanups and redevelopment. Administrator Browner will be a keynote speaker at the conference.

UNITED NATIONS

- **Congo:** During November, the Council is expected to consider a resolution on the Congo which endorses regional mediation efforts and calls for an immediate cease-fire, and the departure of all foreign troops. If a cease-fire agreement is achieved, the Secretary-General may eventually recommend a UN observer or peacekeeping operation.

UNITED STATES TRADE REPRESENTATIVE

- **Shrimp-Turtle Dispute:** On November 6, the WTO Dispute Settlement Body adopted the Appellate Body report in the Shrimp-Turtle dispute. Within 30 days of adoption, the U.S. must announce its intentions regarding compliance. USTR is consulting with Congress, other agencies, relevant advisory commissions, and other interested parties regarding options.
- **EU Bananas:** On November 10, USTR will publish a *Federal Register* notice regarding public comment on a proposed list of retaliatory trade actions that the U.S. will take in response to the EU's failure to implement by January 1 the WTO recommendations regarding its banana import regime.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Medical Marijuana:** Director McCaffrey commented on the medical marijuana issue in the following papers: the *Washington Times*, *AP*, the *Arizona Republic*, *St. Petersburg Times*, *Indianapolis Star*, *Milwaukee Journal Sentinel*, *San Jose Mercury News*, *San Francisco Examiner*, and the *Chicago Tribune*.

- **Breaking the Cycle Announcement:** On November 10, Director McCaffrey will announce the jurisdictions selected to participate in the Breaking the Cycle Initiative. The Initiative is a systematic intervention strategy designed to identify, supervise, and treat drug-using defendants and delinquents within the criminal justice system. It is based on the premise that continuous drug testing, treatment, and supervision -- enhanced by proactive judicial involvement -- should reduce an arrestee population's level of drug use. This should lead to more effective use of criminal and juvenile justice resources by improving the social functioning among those receiving treatment and reducing their criminal behavior.
- **National Youth Media Campaign:** ONDCP's anti-drug ads from the National Youth Media Campaign, launched by you, Speaker Gingrich, and Director McCaffrey on July 9, are airing nationwide.
- **Coachathon:** A PSA by Minnesota Vikings Coach Dennis Green supporting the National Coachathon Against Drugs is playing throughout the MN area.

SMALL BUSINESS ADMINISTRATION

- **NASA Small Business Success:** The Kennedy Space Center's primary launch viewing area was refurbished by an SBA 8(a) firm, Rush Construction of Titusville, FL. The firm did such a superior job that the Center chose Rush as its Small Business Prime Contractor of the Year. In addition, the shuttle payload contains two experiments that rely on technology developed using SBA's Small Business Innovation Research funds.
- **U.S. Export Assistance Center:** SBA will join DOC and the Export-Import Bank in officially opening the U.S. Export Assistance Center (USEAC) in Minneapolis, MN. The USEAC provides small businesses with international export marketing and trade finance assistance under one roof.
- **Latin Business Meeting:** On November 4, Administrator Alvarez addressed the Latin Business Association in Los Angeles, CA. She highlighted the accomplishments and continuation of your Race Initiative.

OFFICE OF PERSONNEL MANAGEMENT

- **Key Veterans' Employment Law:** On October 31, you signed the Veterans' Employment Act of 1998. The law, effective immediately, will allow many veterans to apply for government jobs that are closed to others outside the Government. It also establishes a new redress system for veterans who feel their rights have been violated. OPM is briefing the Veterans Service Organizations about these new provisions and has issued implementing instructions to Federal agencies.

- **Welfare-to-Work:** The Federal government has hired 8,462 welfare recipients since April 1997 when the Federal welfare-to-work hiring initiative was launched. This is 80 percent of the goal of 10,000 hires by the year 2000. Last month, agencies hired 1,375 welfare recipients, the largest number of hires in a month so far.

UNITED STATES INFORMATION AGENCY

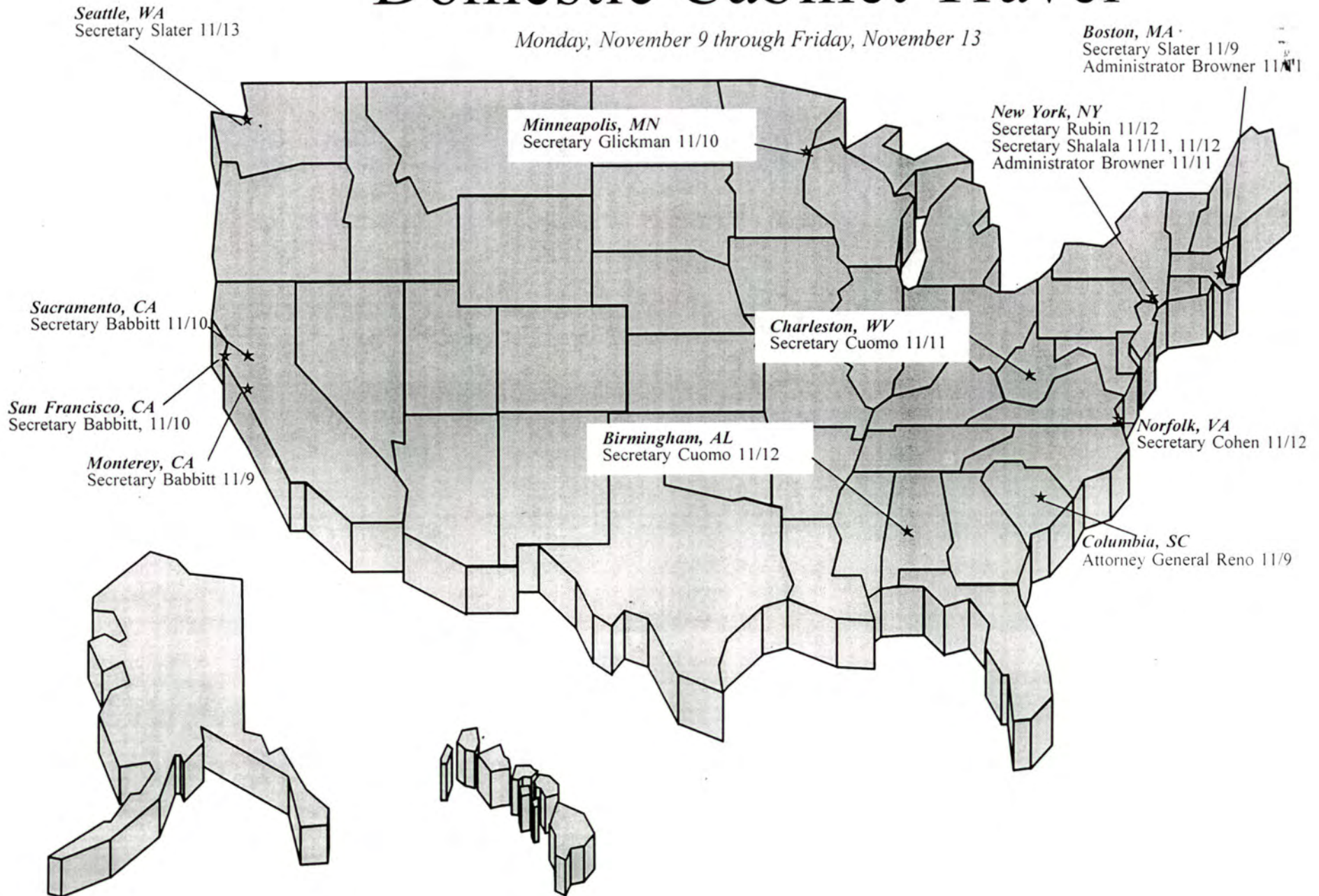
- **VOA in the Former Yugoslavia:** In response to President Milosevic's banning of Voice of America on affiliate radio stations in the former Yugoslavia, VOA has teamed up with "Broadcast.com" to provide information to the people of Yugoslavia. VOA Serbian and Albanian are available in real time audio and accessible to anyone with Internet access.
- **Religious Split in Israel:** Recent polls show that fault lines remain deep between the religious and secular communities in Israel. Two-thirds (68 percent) of Jewish Israelis say that tensions between these communities pose at least a fairly serious problem. A majority (56 percent) describes secular-religious ties as poor and far more (82 percent) hold the same view of relations between secular and ultra-Orthodox Jews. Other findings suggest that there is little consensus regarding the role religion should play in Israel.
- **Indian Public Opposes Signing NPT:** Although India has officially joined the nuclear weapons club, the Indian public still predominantly (58 percent vs. 38 percent) opposes signing the Nuclear Nonproliferation Treaty (NPT). Solid majorities supported their government's decision to proceed with the nuclear tests at Pokran last May (72 percent), and 66 percent want India to continue developing nuclear weapons.

SOCIAL SECURITY ADMINISTRATION

- **New 800 Number Service:** On November 16, SSA will begin a new customer service at three selected 800 number sites. The new service will allow customers to file a claim for Social Security retirement or survivors' benefits immediately if the caller has all the necessary information available. Currently, a caller who needs to file a claim is referred to the local Social Security office or an electronic appointment is established through the local office for a later date. SSA plans to have the immediate claims taking option on its 800 number system available for customers nationwide by late 2000.

Domestic Cabinet Travel

Monday, November 9 through Friday, November 13



cc:

The Vice President

John Podesta

Paul Begala

Sandy Berger

Sidney Blumenthal

Maria Echaveste

George Frampton

Mickey Ibarra

Janis Kearney

Ron Klain

Neal Lane

Jack Lew

Ann Lewis

Joe Lockhart

Minyon Moore

Bruce Reed

Craig Smith

Doug Sosnik

Gene Sperling

Larry Stein

Melanne Verveer