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3/29/99

EMBASSY OF THE
UNITED STATES OF AM
MADRID

Send to USC?

Yes

✓

March 5, 1999

he

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

Carol

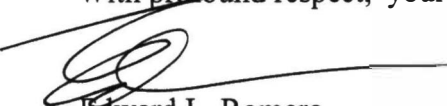
Dear Mr. President:

First of all I want to tell you how elated I am that you and your Presidency are doing so exceptionally well. Americans throughout the world continue to be proud of you and our First Lady. We are fortunate that both of you are so widely respected and loved. It certainly makes the lives of those of us that are outside the Continental U.S. much easier.

I have been in contact with Tony Blinken and Maria Echaveste on the necessity of having a meeting take place between you and President Jose María Aznar. I am attempting to bring this to your personal attention in order to emphasize something that you already know, Spain is one of our second or third strongest allies in Europe. Spain has always been there for us . . . including this last Iraq Crisis where before the cables started going back and forth the Spanish Government was publicly voicing their strong support for the United States position. You have met with European leaders lately that do not have the intensity of commitment towards our country that Spain has. Recognition of that strong link and friendship towards the United States and you personally would be well manifested if you could meet with President Aznar before the NATO meeting. He is asking for a short meeting on April 5th if that is convenient for you. The agenda for the meeting would have a high priority addressing the current issues being debated regarding NATO enlargement, new strategic concepts, European Defense Identity, etc. There may be items of common or current interest that you or he would like to raise such as Kosovo, the tension between Turkey and Greece, Cuba and North Africa.

Once again Mr. President, I feel that your having a short meeting with the President would not only show our gratitude for Spain's assistance and goodwill towards our country but would reinforce our relationship currently and in the future. I urge you to meet with him.

With profound respect, your Ambassador to Spain,


Edward L. Romero

THE AMBASSADOR
EMBASSY OF THE
UNITED STATES OF AMERICA
MADRID

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500-2000

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04



THE WHITE HOUSE
WASHINGTON

'99 MAR 29 PM6:53

Amb. Kromson sent
letters to Potus/State/VP
and other staffers.

B

'99 MAR 29 PM6:53

THE AMBASSADOR



EMBASSY OF GHANA
3512 INTERNATIONAL DRIVE, N. W.
WASHINGTON, D. C. 20008

March 26, 1999

Your Excellency,

I have the honour to forward the enclosed letters from H.E. President Jerry John Rawlings and Nana Konadu Agyeman Rawlings to you and Mrs. Hillary Clinton.

Please accept, Your Excellency, the assurances of my highest esteem.

Koby Koomson
Ambassador

H.E. William Jefferson Clinton
President
The White House
Washington, DC

3-29-99

To Burkhardt for reply? Yes — No ✓

^{NK for reply}
~~Coordinate with NSC? Yes — No —~~

cc: HRC? Yes ✓ No —

Marshall and Smith letters to them?
Yes — No —

EMBASSY OF GHANA
3512 INTERNATIONAL DRIVE, N. W.
WASHINGTON, D. C. 20008

H.E. William Jefferson Clinton
President
The White House
Washington, DC



REPUBLIC OF GHANA

THE CASTLE
OSU
ACCRA

19 March, 1999

Dear President and Mrs. Clinton,

I recall with deep gratitude and affection, the warm welcome and reception which you and Hillary gave to me, my wife, Nana and my delegation during our memorable Visit to your country.

My delegation and I believe that our productive visit has opened yet another very important chapter in Ghana-US relations. We especially appreciated the opportunity to review the special relations that exist between our two countries and our collective commitment to work towards the achievement of international peace and stability in the West Africa sub-region.

On behalf of the people and government of Ghana and on behalf of Nana and myself I am happy to extend our sincere thanks to you, Hillary and the American people.

It is fitting to use this opportunity to pay a tribute to you and members of your government who continue to work towards the realization of the vision of a better tomorrow for all mankind. Most especially, I am gratified to realise your genuine desire to devote your energies to improving and enriching the lives of the millions of my fellow African people. Your unwavering and principled support for the African people has won your leadership and your government worldwide admiration.

I shall for a long time cherish the memories of the wonderful evening we spent with you and Hillary at the White House in the company of some of the most talented personalities of your great country.

**H.E. WILLIAM JEFFERSON CLINTON
PRESIDENT
THE WHITE HOUSE
PENNSYLVANIA AVENUE
WASHINGTON, D.C.**



REPUBLIC OF GHANA

- 2 -

Your Excellency and dear brother, it is my hope and prayer that our two nations will continue to share common principles and ideals, as well as a vision of a world of justice, stability and prosperity.

Fond regards.

J. J. Rawlings

FLT. LT. JERRY JOHN RAWLINGS
PRESIDENT
REPUBLIC OF GHANA



THE CASTLE
OSU
ACCRA, GHANA

H.E. MR. WILLIAM JEFFERSON CLINTON
PRESIDENT
THE WHITE HOUSE
PENNSYLVANIA AVENUE
WASHINGTON, D.C.
U.S.A.



THE CASTLE
OSU
ACCRA

REPUBLIC OF GHANA

OFL/NKAR/99/DO

10/3/99

Dear Bill, 1/2 President,

This is a very personal letter to thank you for the honour you have done Jerry, Ghana and Africa as a whole.

I also do wish to thank you for the wonderful dinner you hosted at the White House in our honour.

I do pray that the new relationship that has been forged between you and Jerry and between the United States and Ghana will grow and be to the betterment of our people. I do also thank you for the lovely presents given to us.

Amina was 15 on the 1st of March and she was very excited with the autographed message you wrote out to her. I am sure she will be boasting about it to her friends at school. It made her so proud.

Best regards.

Yours faithfully,

Nana

NANA KONADU AGYEMAN RAWLINGS

PRESIDENT BILL CLINTON
UNITED STATES OF AMERICA



THE CASTLE
OSU
ACCRA, GHANA

**PRESIDENT BILL CLINTON
UNITED STATES OF AMERICA**

MRS. CAPRICIA PENA VIC MARSHALL
SOCIAL SECRETARY
TO THE PRESIDENT
THE WHITE HOUSE
WASHINGTON, D.C.

MS. GAYLE SMITH
SPECIAL ASSISTANT TO THE PRESIDENT
AFRICAN AFFAIRS
NATIONAL SECURITY COUNCIL
THE WHITE HOUSE
PENNSYLVANIA AVENUE
WASHINGTON, D.C.
U.S.A.



3-29-99

Coped
Berger
Podesta

GREEK ORTHODOX ARCHDIOCESE OF AMERICA

8-10 East 79TH Street, New York, NY 10021 Tel:(212) 570-3500 Fax:(212) 861-2183

March 26, 1999

President William Jefferson Clinton
The White House

Dear President Clinton,

I greet you with a heart filled with thanksgiving for the your generous spirit and the love that you showed all Greek-Americans yesterday with your wonderful proclamation. I know that these are difficult times for you, our beloved Nation, and the world, and I want you to know that our prayers are with you.

In December of last year, the United States and the United Kingdom conducted similar air strikes against Iraq. As I recall, the initiation of that action was planned so as not to begin after the commencement of Ramadan, which is regarded as a holy month by persons of the Islamic faith.

I respectfully suggest to you that the same consideration for the Christian people living in the territory now subject to air attacks by NATO forces may provide an opportunity to re-initiate the negotiation process without loss of life. As you know, we are approaching the most holy season of the Christian year: that of the death and burial of our Lord Jesus Christ and His Glorious Resurrection.

The Serbian people, with hundreds of millions of other Orthodox Christians, this year celebrate the Resurrection on April 11. For the Roman Catholic minority among the Kosovo Albanians, Easter is celebrated the week before, on April 4, in common with other Western Christians. Moreover, the overwhelming majority of American service personnel participating in this action are Christians who observe one or the other of these celebrations. Accordingly, I implore you to suspend the current bombing campaign beginning on Thursday, April 1, at least until after Monday, April 12. This will allow for a respite of hostilities and an opening for peace.

Praying for you at all times and for the peace of the world, I remain,

With prayers in Christ,

+ SPYRIDON

Primate

of the Greek Orthodox Church in
America

3/29/99

Phil -

Should we send to
NSC for reply?

No

just to
bury for
his
(no copies made yet) he sees it
Phil

3-29-99

Savvy
Good
PB

Arafat Is Israel's Best Hope

By David Kimche

TEL AVIV

In the 1970's, when I was a senior operative in the Mossad, Israel's foreign intelligence service, Yasir Arafat was my blood enemy. My colleagues and I hounded him and his terrorist P.L.O. henchmen, trying to stop them from murdering innocent Jews, certain that his demise would be a great victory for Israel.

Now, in the wake of last week's

meeting between Mr. Arafat and President Clinton in Washington, I find myself hoping that the United States will help my former foe, protecting Israel's security by assisting him in achieving Palestinian self-determination, as long as he does so peacefully and within the framework of negotiations with Israel.

Mr. Arafat is still hardly my idea of a perfect neighbor. But he is the only Palestinian leader capable of making concessions to Israel while retaining power and domestic support. Unless Israel and the United States insure that he remains strong

How Clinton
can help my
longtime foe.

enough to lead his people to a negotiated peace, he is likely to be seriously undermined by Islamic fundamentalists who favor armed struggle over negotiations, and whose meth-

ods of mass terror are far more horrifying than anything I confronted 25 years ago.

Mr. Clinton was right to warn Mr. Arafat, as he reportedly did last week, about the dangers of following through on his threat to declare a Palestinian state unilaterally. However, if Mr. Arafat continues to put statehood on hold, he will be viewed by his people as buckling under pressure and abandoning his stated goal. He needs to reassure the Palestinians that they are still progressing toward some form of independence, and Israeli and American leaders

need to help him to do this.

Nearly everyone seems to know that a Palestinian state of some sort is now inevitable — except for the Palestinians themselves.

The Israeli newspaper Maariv reported this month that Prime Minister Benjamin Netanyahu of Israel and his aides now privately confirm "that there is no way of averting the establishment of a Palestinian state," but believe that Israel's consent to such a state "ought to be used as a bargaining chip." Even Ariel Sharon, Mr. Netanyahu's hard-line Foreign Minister, has publicly admitted that Palestinian independence is a foregone conclusion, and polls show that most Israelis understand this.

The United States must remain an evenhanded mediator trusted by both sides and cannot tilt toward the Palestinian position on statehood, as the European Union did last week when it passed a resolution recognizing Palestinians' "unqualified right" to their own state.

However, I hope Mr. Clinton will assure the Palestinians that if (and only if) both parties agree in the course of negotiations to establish a Palestinian state, the United States

will fully back this solution. That statement would dramatically bolster the forces of moderation and compromise among Arabs in the West Bank and Gaza Strip.

The United States should also allay Palestinian fears that final status talks will be allowed to drag on endlessly. One of Mr. Arafat's worst nightmares is that inconclusive negotiations will stretch out for years while Israel expands settlements on the West Bank.

Finally, it is vital that Mr. Arafat be able to show his constituency that the United States does not single out the Palestinian Authority for criticism. The Clinton Administration should keep speaking out publicly against needless provocations by either side — whether Israelis expand Jewish settlements on the West Bank or Palestinian officials use inflammatory rhetoric against Israel.

American mediation will fail unless the demands that the United States makes of Mr. Arafat are leavened with some diplomatic rewards.

I cannot forgive my old enemy for endorsing the murder of my countrymen decades ago, but it would also be unforgivable to deny him — and the Israelis — the chance to end the bloodshed once and for all.

David Kimche, a member of the advisory council of Israel Policy Forum, was Director General of the Israeli Foreign Ministry from 1980 to 1987.

The New York Times
MONDAY, MARCH 29, 1999

copied
Berger
Podesta



**Embassy of the United States of
America
Bern, Switzerland**



**Jubiläumsstrasse 93, 3005 Bern
Tel. 41-31-357-7259
Fax 41-31-357-7394**

99 MAR 29 PM 2:05

**To: President Clinton
c/o Ms. Betty Currie**

Date: 3/29/99

From: Amb. Madeleine M. Kunin

Page 1 of 2

Fax No: 202-456-6703

Official ☒ Personal ☐

Send to

3/29/99

Burkhardt?

Yes ☒

No ☐

cc: Exec Clerk

Yes ☒

No ☐

cc: NSC Yes ☒ No ☐

C.



*Embassy of the United States of America
Bern, Switzerland*

March 29, 1999

Office of the Ambassador

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

Dear Mr. President:

I would like to inform you that I will be leaving my post in Bern, Switzerland at the end of August.

It has been a great honor to serve in the capacity of United States Ambassador, as well as in my prior role, as Deputy Secretary of Education.

It has been a special honor to serve my country in these two positions as a naturalized citizen. I came to the United States in 1940 from Switzerland with my widowed mother and my brother. My mother was motivated by the spreading war in Europe and wanted the best for her children. She always told us, "Anything is possible in America." But I doubt that even she could see the future that her children would have in this great country.

I have been in Switzerland at a particularly difficult time, as Switzerland examined its role during World War II. I am pleased to say that I was able to steer our relationship to a positive conclusion enabling the friendship between Switzerland and the United States to remain strong, while simultaneously encouraging this country to face its own past. I feel a sense of accomplishment as I prepare to leave.

Thank you for making it possible for me to represent the United States of America. If I can ever serve you again in another capacity, I will be happy to do so.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Madeleine".

Madeleine May Kunin
Ambassador

CC: Madeleine Albright
Stuart Eizenstat

3-29-99

Should we send to
WSC?

Yes ☒

No ☐

cc: legislative Affairs

Yes ☐

No ☐

CC: Podesta

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CARL LEVIN, MICHIGAN

United States Senate

SSCI #99-0941

SELECT COMMITTEE ON INTELLIGENCE

WASHINGTON, DC 20510-6475

March 15, 1999

'99 MAR 29 PM 1:21

TRENT LOTT, MISSISSIPPI, EX OFFICIO
THOMAS A. DASCHLE, SOUTH DAKOTA, EX OFFICIO

NICHOLAS ROSTOW, STAFF DIRECTOR
CHRISTOPHER C. STRAUB, MINORITY STAFF DIRECTOR
KATHLEEN P. MCGHEE, CHIEF CLERK

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

Dear Mr. President:

For a decade, the Senate Select Committee on Intelligence has been concerned with counterintelligence problems at the Department of Energy's national laboratories, in particular the weapons laboratories at Los Alamos, Lawrence Livermore, and Sandia. The Committee has repeatedly taken steps to identify counterintelligence weaknesses and to increase the funding, resources, and high-level management attention devoted to overcoming them. Unfortunately, for the most part, the Department has resisted efforts from without and within to improve counterintelligence practices. Only today, in the wake of public reports of compromises of sensitive nuclear weapons information to the People's Republic of China, are these issues receiving the attention they deserve.

While the recent press reporting has focused on espionage, another critical vulnerability is the laboratories' foreign visitors and assignments programs. In October 1998, the General Accounting Office reported that "At two of the three laboratories [Los Alamos and Sandia], few background checks were performed on visitors from countries DOE views as sensitive. As a result, visitors suspected of having foreign intelligence connections obtained access to the laboratories without DOE's or the laboratories' advance knowledge of these connections. . . . Some sensitive subjects, such as the detection of unsanctioned nuclear explosions, may

The Honorable William J. Clinton

March 15, 1999

Page Two

have been discussed with foreign visitors without DOE's knowledge or approval. The security controls in areas most frequently visited by foreign nationals do not preclude them from obtaining sensitive information. Foreign nationals have been allowed after-hours and unescorted access to buildings. In some instances, they have had access to sensitive and classified information."

The GAO concluded that "[w]hile DOE is initiating actions to improve the management and oversight of foreign visits to the weapons laboratories . . . DOE has not demonstrated a lasting commitment to improving controls over foreign visitors."

The Cox Committee unanimously concluded that the PRC engages in a multidimensional effort to obtain, legally or illegally, U.S. advanced technologies with military applications. It noted evidence, such as that reported in the Washington Post ("Chinese Spy Methods Limit Bid to Find Truth, Officials Say," March 21, 1999), of PRC efforts to exploit visiting scientists for intelligence purposes. In the case of penetration of our weapons laboratories and purloining of our most sensitive weapons secrets, the success of PRC efforts is clear.

At the same time, even under your February 1998 directive, the Department of Energy is only at the beginning phases of the effort to repair counterintelligence deficiencies at the laboratories. Given PRC intelligence and technology gathering techniques, and given that the U.S. Government does not yet know the full extent of the espionage problem involving the laboratories and Energy Department scientists, it seems most unwise to continue business-as-usual until new security measures are in place.

The Honorable William J. Clinton

March 15, 1999

Page Three

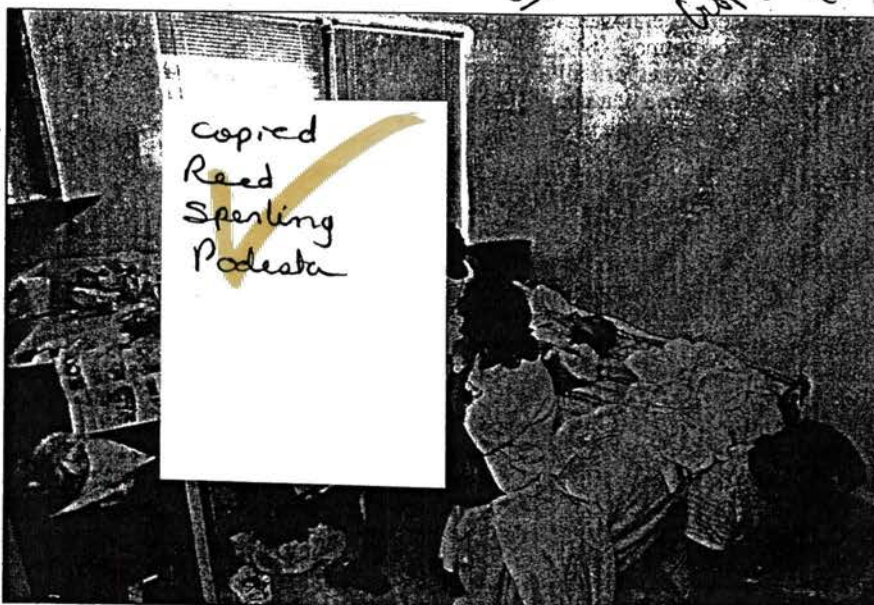
I therefore urge you to direct the Secretary of Energy to impose a moratorium upon foreign visits and assignments from sensitive countries, and on travel by Energy Department scientists to sensitive countries, until such time as the Secretary of Energy certifies to the Congress that the Secretary's Counterintelligence Action Plan of November 13, 1998, has been fully implemented and is functioning successfully.

Sincerely,

A handwritten signature in black ink, reading "Richard Shelby". The signature is written in a cursive style with a long horizontal flourish extending from the end of the name.

Richard J. Shelby
Chairman

Blue/Green
This is a good piece
but it is too much to state
the language is very clumsy
By



The crunch comes for welfare reform

WASHINGTON, DC

ACROSS the country they greet the guests at Marriott hotels or dispense Burger King Whoppers; east of the Mississippi they ring the tills at CVS pharmacies; in Washington, DC, they give manicures at the Just Nails with a Gentleman's Touch salon. They, and several hundred thousand like them (President Clinton's estimate is 1.5m), have left the welfare rolls over the past two years and are the wage-earning proof that welfare reform is working.

But will it go on doing so? By July 1st, or earlier in many states, those families who have been receiving welfare payments for two continuous years will receive them no more. Nor will families who, over time, have had a total of five years of payments. The pessimists, worried that America's long economic expansion will finally run out of steam, are already raising the alarm. The newly hired will be the first to be fired, but this time there will be no welfare cheque to soften the blow. Some mayors are predicting massive social unrest.

Perhaps they protest too much. After all, when Mr Clinton signed welfare reform into law in August 1996, it was a bold stroke. For years there had been attempts to wean families off welfare; but the rolls kept growing, to a peak of 5m families (14m individuals) in 1994. Under the terms of Mr

Clinton's bill, welfare ceased to be a federal entitlement; recipients of welfare would have to work for it. For their part, the states, in return for federal block grants and the freedom to run their own welfare programmes, would have to remove 25% of their families from the welfare rolls (or at least into "work activities" such as training programmes) in the first year, rising to 50% by 2002.

So far, so very good. Since 1994 the rolls have fallen to about 3m families, or fewer than 8m people (see chart). The private-sector Welfare to Work Partnership, launched in May 1997 by United Airlines, UPS, Burger King, Sprint and Monsanto, now has almost 10,000 member-companies committed to hiring from the welfare rolls. Its latest estimate is that in the past two years they have hired some 410,000 people. The Partnership's chief executive, Eli Segal, says: "We're trying not to gloat... Welfare was an income-production system; now it's a work-preparation system."

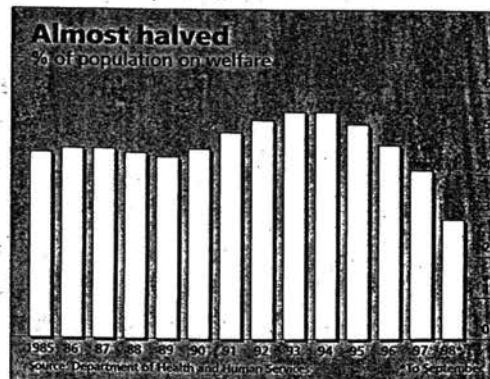
Maybe so. Even late converts to the cause, such as Hawaii, have managed to meet the law's requirements. Some enthusiasts, such as Wisconsin (whose caseload fell by 77% over two years), have done spectacularly well.

But do the figures, and the emphasis on cutting caseloads, flatter to deceive?

Mr Segal argues that welfare recipients are not doomed to find only "dead-end" minimum-wage jobs. Some 80% of Partnership companies claim to pay well above the \$5.50 an hour minimum wage (with an average of \$7.20 an hour); more than 70% offer medical benefits, and have promoted employees hired from welfare. Moreover, the former welfare recipients appear to show above-average loyalty and sticking power. Steve Wing, director of government programmes for CVS, reckons that 55% of welfare hires over the past two years are still employed by CVS, compared with an overall retention rate over that period of 25%; Giant Food, an east-coast supermarket chain, compares its 90-day retention rate of 79% for ex-welfare recipients with a dismal company-wide average of 50%.

Yet the truth is that such figures do not happen easily. A successful move from welfare to work involves an investment by both states and the private sector in training programmes, transport, remedial education and "mentoring" by colleagues or outside advisers. For the moment, with the labour market at its tightest since the 1960s, the private sector arguably has little choice but to make the investment. As for the states, they can afford to be generous: the economic expansion has given almost all of them healthy budget surpluses, and until 2002 they are supposed to receive a federal block grant of some \$16.8 billion a year. Add the president's 2000 budget proposals for welfare-to-work tax credits, housing vouchers and transport, and perhaps the downturn in the economic cycle will not be as damaging as the pessimists fear.

But it cannot be entirely painless. As a recent study from the Brookings Institution points out, the welfare rolls in America's biggest cities may be falling, but they are doing so much more slowly than in the surrounding counties. The implication, as



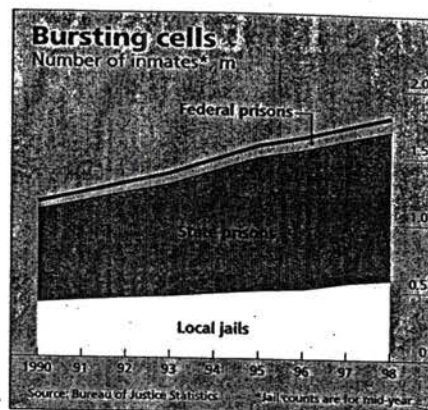
some mayors argue, is that when the downturn comes poverty will be still more concentrated in cities, which will become still less attractive to investors.

Moreover, for all Mr Segal's glad tidings, others tell a less happy story of widening income disparities and families trapped in poverty even when they are in work. Analysts at Washington's Centre on Budget and Policy Priorities, for example, maintain that most welfare hires do not receive paid holiday or sick leave, and that it takes a year of employment before they can be covered by the Family and Medical Leave Act—a crucial factor when so many welfare hires are single mothers.

Still, welfare reform has worked better than anyone dared hope. How ironic, then, that the experiment's future could be imperilled by its present success. Because the welfare rolls have fallen so fast, the states have had to spend less on welfare cheques—which means they have some \$3 billion in federal block grants left unspent.

To Washington's politicians that money is an irresistible temptation, which is why this week some Republicans in the Senate proposed siphoning off \$350m to provide disaster relief for Central America and why other Republicans in the House want to let the states use their federal welfare money for education programmes.

Happily for the states, not all Republicans agree. As the House Ways and Means chairman, Bill Archer, wrote to the Senate leader, Trent Lott: "We made a deal. As state legislatures confront the toughest challenges of welfare reform, Congress is proposing to pull the rug from under them." Indeed so, and as Mr Archer points out, that would be a bad precedent to set when the Republicans want to turn other areas—education, child protection, housing and so on—over to the states in the form of block grants. After all, welfare reform is an experiment in a different sort of government provision for its citizens, and if it keeps working there could surely be more.



Is this extraordinary experiment in mass imprisonment working? It seems to beggar belief that the fall in crime in recent years does not have something to do with the increase in imprisonment. But so many factors influence the level of crime—demographic, economic and cultural—that it is difficult to establish a link between any single policy and the overall crime rate. What is more, there are reasons to doubt that mass imprisonment can take the lion's share of the credit. In some places where crime has dropped most, such as New York, the incarceration rate is not as high and has not risen as fast as the national average.

Although crime has decreased nationally since 1991, that drop came after a seven-year rise in crime even though the prison population expanded by 77% during the same period, points out Alfred Blumstein of Carnegie Mellon University. Of course, the effect of increased imprisonment could have been delayed, producing a lower crime rate in subsequent years. But even today the level of violent crime in America is still about the same as in the mid-1980s, when 1m fewer people were in prison or jail. According to a government report published in January, arrests for murder, rape and robbery declined sharply between 1990 and 1996. The prison and jail populations have soared not because the police are catching more violent criminals, but because sentences have been lengthened and probation severely curtailed.

In addition, there is one type of crime where mass imprisonment seems to have failed abysmally—illegal drug use. Since America panicked over the crack epidemic ten years ago, toughening drug laws at both the federal and state level, the number of people imprisoned for illegal drug use or trafficking has quadrupled, nearly twice the growth rate for violent criminals. More than 400,000 people are now imprisoned for drug offences, a larger number than those in prison for all crimes in England, France, Germany and Japan combined.

Despite such large-scale imprisonment, the number of people abusing drugs has not changed since 1988, according to the National Household Survey on Drug Abuse

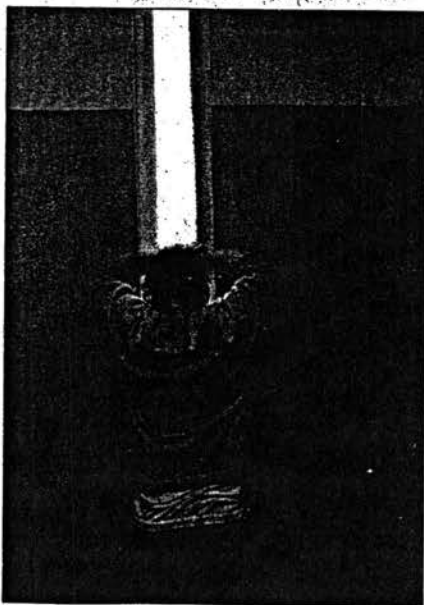
Prisoners

More than any other democracy

ALEXIS DE TOCQUEVILLE originally travelled to the United States in 1831 to study not the country's political institutions but its prisons. These were an object of great curiosity in Europe because the United States had embarked on a bold experiment: to rehabilitate criminals through a strict regime of solitary confinement, silence and hard work in a newly created institution, the "penitentiary". Tocqueville was not impressed by what he found. America's social reformers, he said, were in the grip of a "monomania" and seemed to believe that prisons were a "remedy for all the evils of society".

Over the past two decades that monomania has again gripped America, and it shows few signs of letting up. This week the Bureau of Justice Statistics reported that the nation's prison and jail population has increased yet again, by 4.4% to 1.8m in the year to June 1998. This represents slower growth than the annual average of 6.2% since 1990, or the 5.9% growth in 1997. But it is not much of a slowdown. More remarkable is the fact that America's prison population continues to grow at such a steady pace in the teeth of two other facts: rates of reported crime have fallen for each of the past six years, and America has already locked up more people than any country in the world.

The scale of imprisonment in America is now unmatched in any democracy, and is greater than even most totalitarian governments have ever attempted. Last year one in every 150 American residents (children included) was behind bars. The rate of incarceration, at 668 inmates per 100,000 residents, is five to ten times the rates of countries in Western Europe, six times the rate in Canada and nearly 20 times that in Japan. The number of Americans in prison has nearly quadrupled since 1980 and more than doubled since 1985. Only Russia imprisons a larger proportion of its people but, at the current rate of increase, America should win the top spot in a year or two. Because of its larger population, America already has more people behind bars.



He probably had dope in his pocket

3-29-99

THE WHITE HOUSE
WASHINGTON

9/26

Podesta / ~~Ricchetti~~ / Scheduling

Sen. Dole will want
to go to S. Dak. ex lib -
visit Dickinson / Custer Memorial
go to Russian Revolution

perhaps can do on
May 1st - Hall to do -
for 1st session

BC

copied
Podesta
Ricchetti
Scheduling

3-24

3-29-99

THE WHITE HOUSE

WASHINGTON

3/26

Danaher → Ag. Problem

1. Lift cap on New Loan
2. Restrict Agt → for. for Corp or
→ New Loan mechanism
3. Go after concentration - mandatory
price reduction
4. Restrict Corp - all Ag. for concentration

Goal - get to Market Place, not
taxpayer

TP/Sperling

Danaher's Agt approach -
need to work closely w/
him -

copied
Podesta
Sperling

BC

3-29-99

For Serbs, Apparatchik Appeals to Nationalist Pride to Become a Hero

By MICHAEL T. KAUFMAN

For Slobodan Milosevic things have come full circle, returning to Kosovo, where almost 12 years ago, with one short phrase, he transformed himself from a colorless Communist hack into a firebrand of Serbian nationalism and set Yugoslavia on a course of conflict, fragmentation and violence.

Rarely can a historical turning point be established quite so precisely as the one that came on April 24, 1987, when Mr. Milosevic, a veteran apparatchik best known for his organizational skills, faced a crowd of enraged Serbs in a suburb of Pristina. As they complained of being pushed back by police officers wielding batons, he told them: "No one will dare to beat you again."

The Serbs had gathered, as in earlier protests, to demand that Kosovo's constitutional guarantees of autonomy be curbed, reducing the political power of the ethnic Albanians who then outnumbered the province's Serbs by 4 to 1.

Mr. Milosevic, who at the time was the recently appointed leader of the Belgrade City League of Communists, had been sent to Pristina to calm the protests. The man who sent him, Ivan Stambolic, who was the undisputed Communist leader of Serbia, was also Mr. Milosevic's best friend. They had met as first-year law students, and for 25 years Mr. Milosevic had ridden Mr. Stambolic's coattails, rising to become an executive of a gas company and then a bank. When Mr. Stambolic took over Serbia's League of Communists, he named Mr. Milosevic to the leadership of the party's organization in Belgrade.

Mr. Milosevic's assignment in Pristina was to paper over a growing but local conflict. At the time, the last leader of Yugoslavia, Tito, had been dead for seven years, but a key precept of Titoism that remained in force — "brotherhood and unity" — forbade public discussion of inter-ethnic tensions. Debate of nationality issues was to be confined only to the highest and most trusted party ranks.

So when Mr. Milosevic interrupted his meeting with Kosovo party officials, most of whom were ethnic Albanians, and descended to shout to the Serbs protesting outside the building that no one would ever be allowed to beat them again, the impact was profound, immediate and startling.

"Slobo, Slobo," the crowd began chanting. Television cameras captured the image of the politician with the trademark hedgehog hair style as he identified with Serb national sentiments against the ethnic Albanians of Kosovo, violating the longstanding taboo by which Tito and the leaders who followed him had kept the lid on Yugoslavia's welter of ethnic and nationalistic rivalries.

In his Belgrade party position, Mr. Milosevic developed close ties to managers of national television, and for a long time the clip was replayed so widely that the words became a catch phrase. Serbs in all parts of Yugoslavia took it up as a rallying cry, though for members of old Yugoslavia's other nationalities, it was a provocation.

Mr. Milosevic's nationalistic outburst was not entirely spontaneous. He had made sure

cameras would be in position to record it, and he had held talks with local Serbs several days before. But even he appeared surprised by the intensity of the response.

Since then Mr. Milosevic's motivations have been much debated in Yugoslavia. Aleksa Djilas, the Belgrade-based historian and the son of the late Milovan Djilas, who was the most famous dissident of the Titoist period, has written critically about Mr. Milosevic but contends that he was genuinely driven by Serbian nationalism.

Many others, noting that Mr. Milosevic had kept such passions to himself for his first 25 years of political life, portray him as a Machiavellian cynic who simply reached out to grasp the overhanging branch of nationalism as the raft of communism he had been riding was about to be swept over the cataract.

Carefully Building His Power Base

Mr. Stambolic would later recall that when his protégé returned from Pristina "he was transformed, set afire by Kosovo." Mr. Stambolic had been shocked and disappointed by what Mr. Milosevic had done there, but he was slow to realize that by seizing the Serbian nationalist agenda, Mr. Milosevic was embarking on a campaign to wrest leadership of the Serbian party from his oldest and closest friend. Far from transcending nationalism, as Communism had taught, he was linking his destiny to the yearnings of the Serbs of Kosovo.

Over the summer of 1987, Mr. Milosevic gained backers in a succession of closed-door party meetings as allies in television and in key newspapers tailored their coverage to his advantage. With police help, demonstrators were marshaled and sent strategically to chant "Slobo, Slobo."

He was emerging from the apparatchik's bland cocoon and was acquiring charisma. With official help, as well as spontaneity, Milosevic cults were forming, intoning jingles and songs, among them one that played on his first name, which incorporates the stem of the Slavic word for freedom.

*Slobodan, they call you freedom,
You are loved by big and small,
So long as Slobo walks the land,
People will not be enslaved.*

Among the newspaper articles attacking the men Mr. Milosevic had so suddenly turned against were several written under pseudonyms by his wife, Mirjana Markovic, a professor of Marxist sociology at the University of Belgrade who was more of an ideological purist than he.

They had met in high school in Pozarevac, a provincial town of some 20,000 where Mr. Milosevic was born in 1941. His father had hoped to become a Serbian Orthodox priest but never completed his seminary work and earned his living as a teacher of Russian and Serbo-Croatian. While Slobodan and his older brother, Borislav, now Ambassador to Moscow, were in grade school, their father left for his native Montenegro. The boys



After stripping ethnic Albanians of autonomy, Slobodan Milosevic addressed Serbs at Gazimestan on June 28, 1989, celebrating his gains and sharing his nationalist vision.

were raised by their mother, a teacher and dedicated Communist activist.

As a youth, Mr. Milosevic was a pudgy loner who shunned sports and wrote poetry. Today, he is often described in Serbian profiles as reclusive and moody, still with few friends, though in public appearances and interviews he can be as effusive and glad-handing as a door-to-door salesman.

In 1962, while he was in college, his father committed suicide. His mother killed herself 11 years later. An uncle, his mother's brother, who had been a general, also took his own life.

Mirjana Markovic was similarly steeped in a sense of family tragedy. When she was an infant, her mother, a member of Tito's partisan resistance during the war, was captured and tortured by the Gestapo. After her release, the mother was killed by partisans who believed she had given up her comrades under interrogation. Ms. Markovic has spent much time trying to clear her mother's name. After the war, her father became a member of the Communist political elite and left his daughter in the care of her grandparents.

She has long been her husband's close political partner, and she mobilized support for him at the Central Committee meeting in September 1987, where by pushing the nationalist themes he raised in Pristina he

virtually drove his mentor, Mr. Stambolic, from Serbia's top party post.

Ruefully, Mr. Stambolic would later observe: "When somebody looks at your back for 25 years, it is understandable that he gets the desire to put a knife in it at some point. Many people warned me, but I did not acknowledge it."

Betraying Mentors And His Own Word

Mr. Stambolic may have been the first major figure to have been betrayed by Mr. Milosevic, but he was hardly the last. The list of allies he jettisoned in the last 12 years is quite long, including Dobrica Cosic, the Serbian nationalist novelist whom he chose to serve as President, and Milan Panic, the pharmaceutical magnate from California who was lured to be Prime Minister for a while. Among those discarded have been politicians from left and right and military leaders inside and outside Serbia who at various times rallied to Mr. Milosevic's failed but alluring call for a Greater Serbia.

He has also betrayed his word, consistently perplexing and infuriating scores of negotiators from dozens of countries and international organizations by reversing

himself, stalling, denying evidence and steadfastly clinging to absurd explanations. Warren Zimmermann, the last American Ambassador to the former Yugoslavia, has called him "the slickest con man in the Balkans." Less diplomatically, the British writer J.F. Brown described him as "a consummate politician and a pathological liar."

Such characterizations came long after he rose to and consolidated power over Serbia by focusing on Kosovo. Aleksa Djilas, the historian, observed that because of his emphasis on the Serbs of Kosovo and by extension on all ethnic Serbs, "by mid-1988 Slobodan Milosevic enjoyed a popularity greater than any Serbian political figure in this century."

In March 1989, the ethnic Albanian party leaders of Kosovo were arrested at his behest and a new Constitution was announced for the province, stripping it of its autonomy. During two days of protests, 22 ethnic Albanians were killed.

Three months later, on June 28, Mr. Milosevic celebrated his gains and proclaimed his nationalist visions when he traveled to the ancient Kosovo battlefield of Gazimestan, where on that day in 1389, Serbian epic say, Turkish troops overwhelmed Serbian fighters to usher in 500 years of Ottoman rule.

With tens of thousands cheering him, Mr. Milosevic linked the glorious past to the present, saying, "Six centuries later, again we are in battles and quarrels. They are not armed battles, though such things should not be excluded yet."

Serbian Nationalism Leads to the Breakup

With the loss of autonomy by Kosovo and another, less incendiary autonomous province, called Vojvodina, Serbia picked up two additional votes in the complex federal structures of Yugoslavia and grew more powerful than its partners in the union. The other republics began to break away, beginning with Slovenia in 1991. Only Montenegro was to remain.

The dismemberment was accompanied by wars that successively pitted Serbs and Serbia against Slovenes, Croats and Bosnian Muslims, and streams of refugees became a common phenomenon as tactics of "ethnic cleansing" proliferated. As other fronts opened, Mr. Milosevic's attention, and that of the world, was diverted.

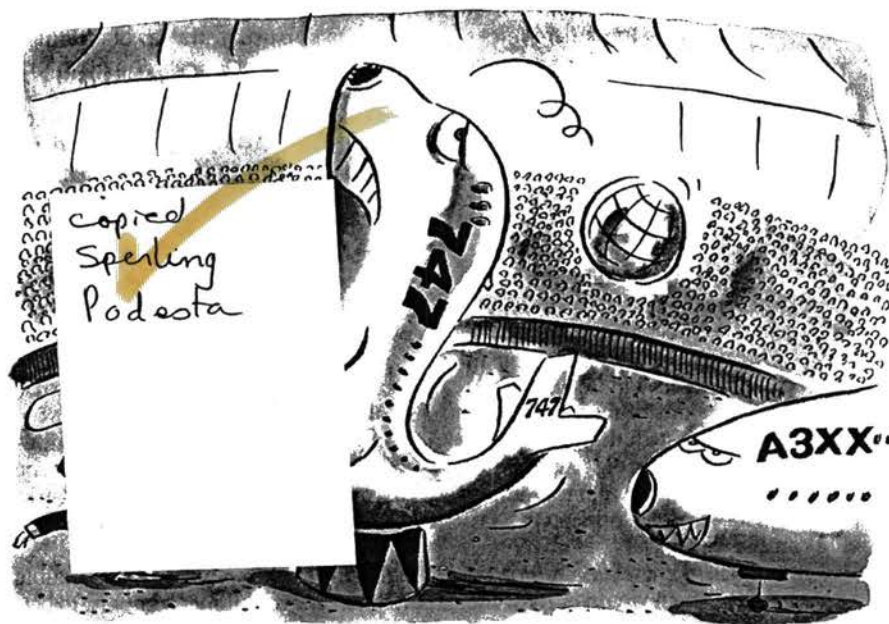
Twelve years have passed, and most of the dreams of Serbian nationalism that were set in motion when Mr. Milosevic spoke up for a small group of Serbian demonstrators have failed terribly. The ensuing desires of establishing enclaves of ethnic Serbs out of the territories of Croatia and Bosnia have not succeeded. Serbian hopes of linking such areas to Serbia proper have also proved chimeras, at least so far.

Now, as Slobodan Milosevic is confronted by the might of NATO, he is back where his career, his politics and the wars of the Yugoslav succession began.

Stavsky
Good for me
The New York Times

Sunday, March 28, 1999

copied
Berger
Podesta



For their next trick

TOULOUSE

Airbus may be about to challenge the jumbo jet's 30-year-old monopoly. How can Boeing respond?

WHEN it comes to new products, few businesses are more perilous than making civil aircraft. Aeroplanes cost billions to develop and are designed to last a generation. Boeing bet the company when it launched the 747, spending \$2 billion on the project, 2½ times the value of the firm. Twice as big and efficient as anything else in the air, the jumbo has earned the Seattle company over \$20 billion in profits since it first flew, 30 years ago almost to the day.

Boeing's rivals, Lockheed and McDonnell Douglas, bet heavily too—and lost. Their widebody jets, the Tristar and the DC 10, never earned a penny. In 1981 Lockheed quit the civil-jet business altogether; two years ago McDonnell Douglas was taken over by Boeing.

Had either of them developed a twin-engined widebody aircraft, it would have avoided head-on competition with the 747, and might have prevented Airbus from getting off the ground. Instead, over the past 20 years the European consortium has encroached on Boeing's dominant market share. Boeing used to account for well over two-thirds of orders, but now it is being challenged in most parts of the market by

Airbus (see chart on next page). Boeing reigns supreme only with the largest 747s.

Until recently, Airbus had been content to attack the 747 from below, with bigger versions of its long-range A340. The latest, soon to go into production, can carry 385 passengers. Virgin Atlantic will have an A340 with bedrooms below the main deck, where passengers can sleep on the night flight that it is starting between London and Buenos Aires.

But Airbus, led by Noël Forgeard, hired from the French private sector last year, is determined also to launch an attack from above. Mr Forgeard reasons that air traffic is growing by 5% a year and that crowded airport hubs will need bigger aircraft. He reckons that over the next 20 years there is a market for 1,400 "super-jumbos" that are equipped to carry 550-660 passengers. Only about 20 airlines, half of them in Asia, are seen as potential customers and only 10% of the total number of planes would be super-jumbos. But they would be worth 25% of the market, or \$300 billion.

Hence Airbus, which is owned by France's Aerospatiale, Germany's Daimler-Chrysler Aerospace, British Aerospace and

Spain's CASA, is stepping up work on its super-jumbo, the A3XX. In all, the partners and the consortium headquarters in Toulouse have 1,000 staff working on the design of this huge double-decker. And Airbus lobbyists are starting to ask their governments for loans to help launch the aircraft.

Of the \$10 billion that it will cost to get the A3XX off the ground, a third is supposed to come from Airbus; a third from associates, including Italy's Alenia; Sweden's Saab Aircraft and (Mr Forgeard hopes) a Japanese company; and the remaining third from European governments. Under an agreement signed with the United States in 1992, governments can finance up to that proportion of the launch cost of a new aircraft. In return, indirect government aid to Boeing, through defence contracts with civilian spin-offs, is meant to be limited to 3% of turnover. The Airbus launch aid is repayable at commercial interest rates as the aircraft are sold. But it is still a subsidy, because it would cost Airbus far more to raise finance on the market.

Mr Forge-ahead

Thus the paper A3XX could, at last, become real. Mr Forgeard thinks he will have an aircraft to sell to airlines by the end of this year. He hopes to win the first orders by the end of 2000, at which point Airbus could start production. But the launch timetable has slipped, as nervousness about the slump in Asian travel has given airlines cold feet. The earliest an A3XX could take wing now would be 2005.

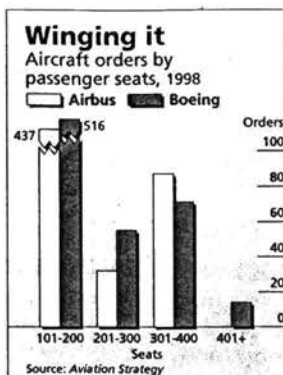
Meanwhile, the project faces other hurdles. The money-conscious British and German governments increasingly take the view that Airbus should fly by itself. At the least, they would be happier financing Airbus if it had the clarity of a company, rather than the obscurity of the *groupement d'intérêt économique* (GIE), its current status under French law. Conversion was supposed to happen in January, but squabbling over valuations, shareholdings and control brought the process to an embarrassing halt in October. The fault lies mainly with the French partner, Aerospatiale—though its partial privatisation in June, when it is merging into part of the Lagardère Group, might help. Mr Forgeard is visibly irritated at the delay, but the soonest he can expect a conversion into a proper company is now the autumn of next year.

It is not only governments who are unhappy. Under the GIE structure, all partners are jointly liable for all the total risks assumed by Airbus. The Airbus partners,

which will mostly be big defence aerospace firms once Aerospatiale is part of Lagardère, might prefer the more certain returns of defence projects to a big and risky civil bet.

One of the strongest signs that the A3xx will overcome these obstacles comes from Boeing. The firm believes that air travel is fragmenting, with most growth coming not on the big trunk routes that connect crowded hubs, but from long-haul point-to-point services, such as Singapore to Los Angeles. Such "long, thin routes", as they are known, are best served by 300-400 seaters such as the A340 or Boeing's 777. Randolph Baseler, Boeing's boss of commercial-aircraft marketing, says that increasingly liberal bilateral air-traffic deals have boosted these routes. He thinks Pacific air travel may become like Atlantic travel, where many flights bypass such hubs as London's Heathrow.

In the past few years Boeing has main-



Despite these differences, Boeing is now looking at ways of stretching and updating the 747. It is also quietly re-examining an alternative. A few years ago Boeing touted simple stretch versions of the 747, but airlines were not interested; they wanted an aircraft that would offer big savings, not just more seats. Now, thanks to technology that it acquired with McDonnell Douglas, Boeing can use better wing-aerodynamics to save 7% on fuel. Its engineers are looking at a 550-seat 747, which would employ the fly-by-wire technology pioneered by Air-

tained that there was not enough demand to justify spending \$16 billion on a replacement for the jumbo. It has dismissed Airbus's forecast for super-jumbos, and cut its estimate by 100 aircraft, to 350 aircraft over 20 years—though it takes a narrower view of the market, counting only demand for something bigger than the 747. (Airbus, by contrast, sees its A3xx replacing the 747 too.)

bus. Such a remake would still cost several billion dollars; but it would be cheaper than a new aircraft.

The best explanation for Boeing's change of heart is the A3xx. Even Virgin, which has pursued a strategy of creating a network of thin routes, sees the need for a super-jumbo to ease congestion at hub airports. Other airlines are more enthusiastic still. When the Asian market caused the launch date to slip, Virgin's arch-rival, British Airways, one of the airlines closest to the A3xx, sought reassurance from Airbus that the consortium was not about to go cool on the project.

Boeing needs to boost productivity and repair its margins before embarking on any big investments. Since it got its factories into a tangle two years ago Boeing's profits and share price have both tumbled. The continuing delays in converting Airbus into a proper company might be just the opportunity it needs. After all, any delay in the A3xx provides Boeing with more years of near-monopoly profits. Perhaps Airbus should bet the company now. The trouble is, it doesn't have a proper company to bet.

Power play

BERLIN

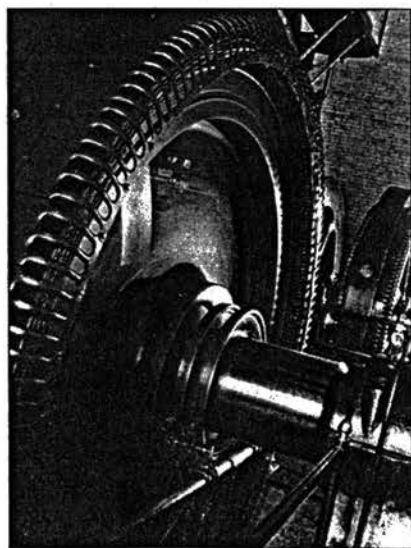
FOR an industry dominated by national champions until a decade ago, power generation has become cosmopolitan of late. It grew more so on March 23rd, when ABB, a Swiss-Swedish firm, and Alstom, which is Anglo-French, agreed to merge their power-equipment units. The new firm, called ABB Alstom Power, will be the world's biggest supplier of power equipment by sales, leapfrogging America's General Electric (GE) and Germany's Siemens.

The firms' bosses wasted no time proclaiming that they had created a "European champion", based in Brussels, registered in the Netherlands and prepared to keep its books in euros. Yet the truth is that, far from being a strategic coup, the marriage reflects the industry's weaknesses more than its strengths.

"Weaknesses" may even be an understatement. The industry's ailments date back to the early 1990s, when it poured billions into developing new plant technologies in the hope of making a killing in the booming Asian market. The result was massive overcapacity, quickly made worse by Asia's economic crisis. Orders for steam turbines, which account for 40% of the world power-equipment market, dried up. Prices have fallen by 50-60% on average since the early 1990s, according to Christoph Roeder, an engineering

analyst at Credit Suisse First Boston. This has led to furious restructuring among the main equipment suppliers.

This week's deal should ease the pressures on ABB and Alstom in several ways. Costs are expected to shrink by \$450m within four years, as 5-10% of the workforce is cut. By pooling resources, they should also be able to increase spending on R&D. This will help ABB to spread the costs of its new gas-turbine technology,



In the days of national champions

the fastest-growing part of the market, and thus to raise margins above today's meagre 4%. As for Alstom, it will gain a stronger presence in the Americas, where it has struggled to win business.

Yet the deal might have the unpleasant side-effect of boosting GE. In 1990 the American company licensed its whizzy, but then under-appreciated, gas-plant technology to Alstom, for use in Europe until 2015. Once the market for gas took off, GE wanted to buy back control. It did so this week, for \$910m, as part of the ABB-Alstom deal, which will help it to win new business in Europe. Bob Nardelli, who heads GE's power-plant division, declared himself "elated". Executives at other firms will be less thrilled. Siemens's loss-making energy business will come under still greater pressure. Japan's Mitsubishi Heavy Industries, the next-biggest maker of power-equipment, is finding it increasingly hard to compete with bigger rivals.

Not that anyone is all that optimistic. Despite all the restructuring, overcapacity persists and margins are still poor. That might explain why ABB was happy to wind up owning only half of the joint-venture with Alstom, despite having the larger power business. As compensation for this difference, ABB will get \$1.5 billion in cash, which it can use to expand in more promising businesses, such as process automation and financial services. The best way to generate profits, it seems, can be to generate less power.

THE WHITE HOUSE

WASHINGTON

March 27, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: SEAN MALONEY

SUBJECT: Recent Information Items

THE PRESIDENT HAS SEEN

3-29-99

We are forwarding the following recent information items:

- (A) **Senate Budget Resolution Update from Jack Lew** -- outlines major problems in the Senate's budget resolution, which passed 55-44 on Thursday: e.g., it's \$22.6B below your FY2000 discretionary spending request; \$8.3B over in defense spending; it'd require a \$25B cut in most non-defense discretionary spending to meet the spending caps; it instructs the Finance and Ways and Means Committees to cut taxes by \$778B over ten years; and contains no provision to extend the solvency of Social Security or Medicare.
- (B) **Berger Follow-up to your Meeting with Stephen Flatow** -- addresses two questions raised by Mr. Flatow at the Prayer Breakfast: (i) why he hadn't been told whether assets of three Iranian-owned banks were blocked assets or not; and (ii) why rent proceeds from blocked Iranian property cannot be attached. On the first question, Sandy says Treasury's research of the issue delayed things, but Justice has recently notified Flatow's counsel that the banks' assets are not considered blocked. On the second question, Justice has determined that the rent proceeds are blocked diplomatic property of Iran; the accounts include diplomatic funds confiscated from Iran when we severed relations in 1980 and monies earned by renting out Iran's diplomatic properties as required by international agreements on maintaining such properties; the accounts are also subject to claims brought before the U.S.-Iranian Claims Tribunal.
- (C) **Note from Rep. Amo Houghton forwarded by Janet Murguia** -- Houghton sends along his grandson Parker's answer in his Kindergarten class to the question, "What will you look like when you're 100 years old?" His grandson's answer: "I'll have white hair and work for the President." Houghton adds, "So, hang in there. Parker wants to work for you."
- (D) **Copy of African Aviation Magazine forwarded by Secretary Slater** -- the issue includes an interview with the Secretary and a special report on your Africa Initiative, highlighting the Safe Skies proposals you announced in Dakar, Senegal, last year.

3/29/99

Tab C - Should Leg Affairs
do both replies or should
Burkhardt do reply to Grandson -
Leg Affairs do both? Yes — No —
Burkhardt do reply to grandson Yes ✓ No —

Grandson's reply should be sent to Houghton so
Houghton can give it to his grandson.

Tab B - cover memo & memo at Tab B:
Berger / Podesta

Tab C - cover memo + memo at Tab C:
Murguia / Joseph / Podesta / Burkhardt

3-29-99

THE WHITE HOUSE

WASHINGTON

March 23, 1999

99 MAR 24 AM 9:50

Copied
Murguia
Joseph
Podesta
BURKHARDT

MEMORANDUM FOR THE PRESIDENT

FROM: JANET MURGUIA *Jm*

SUBJECT: CONGRESSIONAL CORRESPONDENCE

Attached for your review is a note from Rep. Amo Houghton (R-NY), that I thought you would like to see.

AMO HOUGHTON
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

Dear Mr. President — 3/13/99

QUESTION AT MY GRANDSON PARKER'S
KINDERGARTEN CLASS - - - "WHAT WILL YOU LOOK
LIKE WHEN YOU ARE 100 YEARS OLD?"

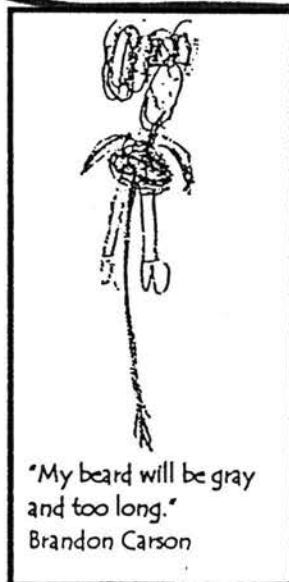
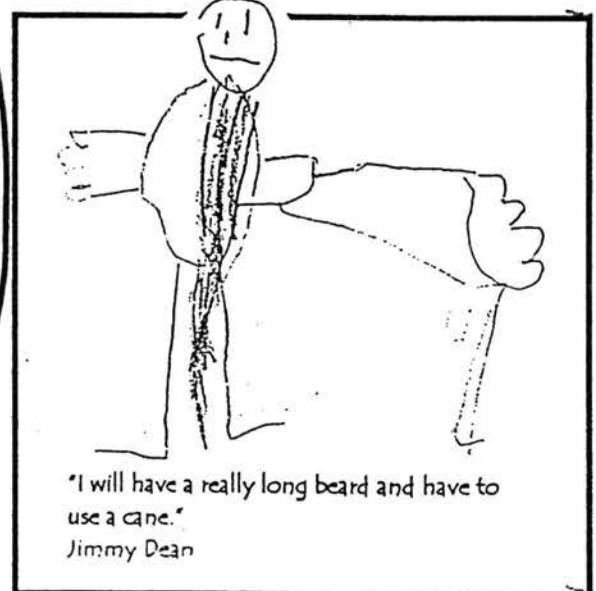
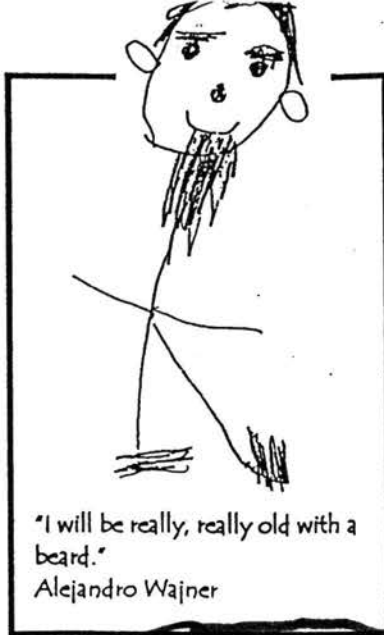
THIS WAS PARKER'S ANSWER.

SO HANG IN THERE.

PARKER WANTS TO WORK FOR YOU.

AT THE BEST,

Amo



THE WHITE HOUSE

WASHINGTON

March 27, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: SEAN MALONEY *SM*

3-29-99

SUBJECT: Recent Information Items

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3/29/99

Account to Leg Affairs

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Grandson's reply should be sent to Houghton so Houghton can give it to his grandson.

Tab B - cover memo + memo at Tab B: Berger / Podesta

Tab C - cover memo + memo at Tab C: Murguia / Joseph / Podesta / Burkhardt

3-29-99

THE WHITE HOUSE

WASHINGTON

March 22, 1999

99 MAR 22 PM 1:51

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Questions from Stephen Flatow during Prayer
Breakfast Meeting

COPIED
BERGER
POVESTA

During your brief meeting with Mr. Flatow at the Prayer Breakfast, he raised the subject of ongoing litigation to collect on his default judgment against Iran for its involvement in the 1995 terrorist attack that killed his daughter. He asked: (1) why he has not been told whether assets of three Iranian owned banks that previously operated in the United States are blocked assets or not; and (2) why rent proceeds from blocked Iranian property cannot be attached.

On the first question, State and Treasury have been working with Mr. Flatow and his counsel since the fall to provide information on unblocked commercial assets that may be available for attachment. These discussions have included reference to three Iranian banks (Melli, Sepah, and Saderat) that had full agency banking operations in the United States before 1995 sanctions became effective. In November 1998, Mr. Flatow's counsel inquired as to whether any remaining assets of these banks would be considered blocked. Treasury delayed answering the question formally as it attempted to rule out that any of the banks' assets date back to the pre-Algiers Accords time frame, when Iranian assets were blocked. (The 1995 sanctions did not block any assets.) After Treasury exhausted its search, Justice responded on March 10 to Mr. Flatow's counsel, indicating that the USG is not aware of any assets of these banks that would be considered blocked.

In the effort to assist Mr. Flatow in identifying assets that may be legally available for possible attachment, State and Treasury provided some 5,000 documents and a number of possible leads on unblocked commercial assets. (The same information has been provided to plaintiffs (Cicippio, Jacobsen and Reed) who have a separate judgment against Iran for its involvement in the

cc: Vice President
Chief of Staff

Lebanese hostages case.) Mr. Flatow's counsel has focused on the three Iranian banks, which were allowed some time following the 1995 sanctions to wind down their operations and are now authorized to conduct only limited, non-banking functions here. Upon conversion to representative office status, the banks opened new accounts, which are not blocked. Because their operations are so limited, the banks probably have not kept significant assets in the United States.

Treasury has identified additional documents that may be relevant to Mr. Flatow's efforts to identify assets of the three Iranian banks. Because of the sensitivity of this information, Justice is working with Mr. Flatow's counsel on arrangements to protect the information when it is provided.

Justice has addressed the second question in depth in Statements of Interest in the Flatow litigation. The "rent proceeds" are blocked diplomatic property of Iran. The relevant accounts include diplomatic funds confiscated when we severed diplomatic relations in 1980 and proceeds from renting Iranian diplomatic properties in our effort to protect and maintain them as it is our responsibility to do under the Vienna Conventions on Diplomatic and Consular Relations. Also, these accounts are the subject of Iranian claims before the Iran-U.S. Claims Tribunal (we have brought similar claims for our diplomatic property in Iran). In the event the Tribunal rules for Iran, the USG would be responsible for providing the rent income to Iran as well as returning the properties. The USG has argued to the Tribunal that State's actions are consistent with our international obligations and do not affect the diplomatic status of the properties or the Tribunal's ability to decide the claims. Thus, these funds are not available for attachment as Justice has explained in Statements of Interest with supporting Department of State declarations filed in this case.

3-29-99

To C. Jennings / ce HRC
What about this?
From Larry O'Brien -
For

✓
copied
Jennings
HRC
Podesta

3-29-99

March 17, 1999

NOTES FOR LEE WILLIAMS:

Happy St. Patrick's Day. Thank you for your call last night, informing me of your telephone conversation with the President, during which he expressed interest in seeing my book. In light of the Medicare Commission's ending yesterday in a failure to reach agreement, and in view of the report in today's WPost that President Clinton "promised to issue his own map for reforming Medicare, possibly as early as next month, but was sketchy about what it would entail," some thoughts have occurred that might help if the book should strike any kind of responsive chord with the President.

I watched several of the Commission sessions on C-Span during the past year and heard little or nothing about the radical physician oversupply problem - 780,000 active physicians according to the Pew Health Professions Commission's final report, against an "optimal" number of 375,000 for the nation, identified by the same Pew commission. In what I witnessed, there was no significant dialogue about the documented prevalence of unnecessary elective surgeries, particularly in so-called "grey areas" such as hysterectomy, tonsillectomy, adenoidectomy and carotid endarterectomy. (You have had recent personal experience with the last of these.) There was little or nothing discussed about the fact that the \$1 trillion-plus medical care system produces little if any solid information about the outcomes of all of these medical interventions. The assumption is that we have "the best medical care in the world" - but there is most certainly no way to prove this. In fact, the morbidity and mortality statistics for our society have been declining relative to many other industrialized nations.

The President might consider taking the position that before the Medicare program can be effectively reformed and protected against looming bankruptcy, American medicine must itself undergo serious reform and restructuring, from the halls of academia to the fields of practice and research. A radical oversupply of physicians, particularly in the 85-plus "specialties" which now exist, is a primary source of waste, and on a staggering scale. Waste could be the keynote here - flowing from the oversupply, and from the need for an

excess of 405,000 active physicians to keep themselves busy, and to earn at least the median annual net income of \$150,000.

I told you about the nine year old daughter of a friend who was recently scheduled for a tonsillectomy by her ENT surgeon because she often snored loudly while she slept. The girl's mother called Ilse and me to ask what we thought about the prescribed surgery. We suggested that the surgeon be asked two questions: Does my child have tonsil disease? and, If we have the surgery done, can you guarantee that the child's snoring will stop? The ENT surgeon's reply was: "Mother, let's just cancel this surgery and we'll talk about it at some later time."

This is obviously not a Medicare story, but it illustrates nicely the kind of medical and surgical decisions that are routinely being made in which considerations that appear to lie beyond what is best for the health of the patient are being made. There is no other system in the culture where the supplier of service is the predominant regulator of the demand for services; or where so little can be gleaned in the way of factual information about what the exact outcomes for the "consumer" have been, in this instance as the result of expenditures on medical and hospital service. The latest reports show 62 percent of total outlays for diabetes care being spent on inpatient care, and less than 1 percent on preventive interventions. Ninety-five percent of diabetics should never need hospitalization, because the disease is so fully controllable for these patients, but they need to understand their disease. Through education, most complications of diabetes could be avoided - including damage to the cardiovascular system, kidneys, eyes and extremities. However, in what remains a predominantly fee-based system, despite the growth in "managed care" plans, there is now no way to make money on either education or prevention. These realities constitute a definition of the large-scale waste of societal treasure, in terms of dollars and of comparative health status. Hundreds of billions of dollars in annual expenditure could be eliminated. It is the only major system in which the more you drive it toward quality performance, carefully measured by the recording, reporting and analysis of the outcomes of medical care, the less expensive it will be in terms of total national expenditures. Reductions in expenditure of twenty, thirty or even forty percent can be foreseen from an effective initiative to improve outcome measures, as well as the recording and reporting of these. Medicare outlays can be

3-29-99

cut by these same percentages, perhaps easier than the other parts of the system - and the dollars saved from wasted expenditures which have clearly been eliminated can be used to add benefits, such as prescription drugs or long-term care. This transfer of expenditure could be accomplished on a sliding scale - add benefits to Medicare as waste is demonstratively cut out.

The thought is to hit organized medicine where it lives: you are causing expenditure levels in Medicare that threaten to bankrupt the program. Show us the facts. Show us that optimum quality outcomes are resulting from the current levels of medical intervention. (Cannot be done.) Show us what is being done to prevent the 80,000+ deaths from hospital-acquired infections each year, caused in large measure by the failure of physicians and other attendants to properly wash their hands and clean their stethoscopes. Show us that unnecessary elective surgeries are being actively eliminated as a problem. Given the huge oversupply of physicians and their maldistribution, documented by the Pew Health Professions Commission, show us what is being done to more properly align physician resources with the true healthcare needs of the entire population. It is not the federal government's fault that diabetes care, for which explicit standards have existed for over a decade, is consistently out of compliance with these standards, costing Medicare and other insurance programs billions. The fault lies within the medical profession itself, and this is where the priority must be placed for restructure and reform. It's the doctors, Lee.

As you know, I'd love to help massage and polish a "map for reforming Medicare" that would enable President Clinton to again firmly seize the initiative in Medicare, now that the bipartisan Commission has failed. It ought to be a map and message that would alter the national dialogue on healthcare reform in a significant way; that would change the way in which the federal government purchases Medicare benefits so as to begin encouraging appropriate reforms in medical practice; that would thereby progressively benefit Medicare beneficiaries over the long future; and that would help our party regain the House and hold the White House in the next round.

Sandy
very interesting
won from Grip. Chukle
of my friend David Bergstein.
Mutter his family high in night
PK

3-29-99

Capital
Bergen
Padesta

3 29-99



pleopo @ acxiom.com
03/16/99 04:30:00 PM

Record Type: Record

To: Nancy V. Hernreich
cc:
Subject: Letter to the President

Mr. President,

Just a note to let you know that I am thinking about you today. Hope things are ok with you. You are the best.
I asked my cousin, Agis to write his perceptions on Cyprus. I thought you might appreciate his input.

David L.

Dear David,

Thank you for forwarding my e-mail to the President. I appreciate the effort to arrange for him to see us, although I understand that it may not turn out to be feasible. If it happens, it will simply be amazing!

In the meantime, I wanted to share with you some thoughts on Greece, bearing in mind what you told me about a possible initiative that you may undertake with respect to the problem of Cyprus. I have been meaning to do so over the past few days, but you know how it is, work, work, work.

The question of Cyprus is just one of those issues that look like being a lose-lose situation for both sides. I am talking about the prospects of resolving the problem in a viable and fair manner. As Greeks we naturally feel that the right is on our side. This is a view backed by the United Nations resolutions, International Law and- I dare say - common logic...

The truth, however is that Turkey remains a very unstable country. It still needs to do a lot to improve the state of Democracy and Human Rights (which according to Amnesty International still leaves a lot to be desired), it has a heterogeneous population and is very much ruled by an upper class made up from the military, diplomats and some industrialists. Whenever things seemed to get out of hand, this elite did not hesitate to abolish democratic rule and take control for as many years as it saw fit.

The point I am trying to make is that this is not exclusively a foreign affairs issue. Actually, it has more to do with domestic policies of both countries than one might imagine. It is pressure on the internal front that obliges both governments to be very reluctant and, occasionally, hostile to each other. My own view, of course is that it is a different kind of internal pressure in each case.

In Greece, pressure is exerted by the fact that we have a politically very open regime, where the media have a lot of clout and often play on the

people's hurt feelings after the Turkish invasion of the island. In doing so, they have helped in shaping one single acceptable version of not only what happened (nobody really contests that) but also of what should be done. The verdict is simple: "Turks go home". Only a handful of people involved in greek political life have expressed different views and I can tell you that they were not extremely popular over here...

In Turkey, the risks for the government (and the elite for that matter) are equally clear. If they stop being aggressive, they will probably lose control of political power and things could even end up in the disintegration of the Turkish state, at least as we know it today. Do not forget that the Turks have a few thorns in their side: the Kurdish problem (major issue), the growth of Islamic forces in Turkey, troublesome borders with Syria and Iraq, high rates of inflation that erodes lower incomes and last but certainly not least, a very bad record of democracy (people arrested on often unfounded, journalists arrested and shot e.t.c.). In this framework, Turkey needs a diversion in order to establish and maintain public support for the current government. If they do not manage to do that, the Turkish people will turn against them and that will threaten the continuity and European ambition of the country.

To my mind, only the United States and the President (and I do mean this President with his personality and unique appeal) can truly make a difference in helping resolve the issue. The idea looks quite straightforward: If two parties cannot reach a compromise, they need the intervention of a prestigious arbitrator that will help them agree on some basic principles. The important fact, though, lies a step ahead: not only will the two parties reach a compromise at the end, but with the presence of an arbitrator they will look good in the eye of their respective public opinions - the crucial factor here. Moreover, if the arbitrator is as I said prestigious, their decisions will have a high degree of moral legitimacy and therefore public acceptance.

The question is : what's in it for the USA and the President himself ? In other words, why take the heat and share a part of the burden in what will undoubtedly be a controversial affair ? Well the answer is Timing. This is the single most suitable period in the last decades for drawing the Cyprus Affair to much desired end, a fair end. At times where the European Union is plagued with serious administrative and political problems, leadership must be demonstrated by he who wants to communicate and convey to the rest of the world a model of democracy, economic partnership, trade growth and fair play.

Nobody wins supporters abroad when he stays at home. We have a saying in Greek: "Only in bad weather can you tell that someone is a good skipper". There is a much bigger benefit to reap in the long run through crisis management than by sticking to a safe short-term "average political behaviour" based on the notion that none can challenge USA supremacy anyway....This is particularly true in this region of the world, in the context of rapidly expanding markets and booming infrastructure investment, e.g. the coming Olympics in Athens.

Let me also remind you of the EU's decision to ultimately accept the Greek part of Cyprus to the EU if no progress is made in the meantime. That would

mean that the EU would again come to the centre of the picture, in what could form the catalyst for yet another bitter conflict...

What I have described is an amateur's view of the best way forward. I realize that a lot of work is needed and that there are no ready-made solutions here. But to my mind, the President stands a very good chance of transforming a lose-lose situation to a win-win-win(USA's part) outcome.

Well, these were my thoughts. I hope I was as objective and fair in my assessments as possible. Back to work now (and I mean for both of us)!!!

Love, your cousin Agis

Hope this has been interesting.

David L.

Sandy
they don't know
that she's a kid
and greedy maggie?
PZ

3-29-99

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Berger
Podesta

3-29-99

Jesse Helms

Our Exit Strategy

For the past year, Yugoslav strongman Slobodan Milosevic has waged a brutal campaign of genocide against the Albanian population of Kosovo. More than 600,000 have been displaced from their homes, and more than 2,000 men, women and children have been murdered by his armed forces and interior ministry—many forced to kneel together on the ground before being sprayed with bullets and then piled into mass graves.

All this is merely the latest in Milosevic's reign of terror in the Balkans. In his proxy war against Bosnia-Herzegovina, he killed hundreds of thousands, opened the first concentration camps in Europe since the Holocaust and almost single-handedly restored "genocide" to the European vocabulary.

American troops already have been sent into harm's way to enforce peace in Bosnia. Now, as a result of his latest repression in Kosovo, the United States is being called on again to deploy its armed forces in an even more difficult and perilous Balkan quagmire.

This must stop. And the only way it will stop—ever—is if we address the underlying cause of the problem in the Balkans: Slobodan Milosevic's continued rule. The time has come for the United States to stop coddling Milosevic and pretending that he can be part of any acceptable solution and start working toward his removal and the democratic transformation of Serbia.

Time and again the Clinton administration has sent senior envoys, such as Richard Holbrooke and Christopher Hill, to wine and dine Milosevic in the hope of convincing him to behave. Time and again, he has clinked glasses, and then returned to his genocidal ways.

Now, after threatening NATO airstrikes 20 times without following through, the president has backed himself into a corner. So the administration is crossing its fingers and hoping airstrikes will show Milosevic the error of his ways—with no idea what to do next if they don't.

Our Yugoslav policy has failed. If we are to prevent further genocide and preclude American forces from being dragged further into the Balkans, our objective must change from appeasing Milosevic to sponsoring democratic change in Serbia and Milosevic's removal from power.

Democratic countries don't commit genocide and launch wars of aggression. But Milosevic's Serbia is not a democratic country. His ruthless power is maintained through fear and repression. He orchestrates attacks on academics, restricts freedom of assembly, maintains ironclad con-

trol on the judiciary and harasses the media.

The Clinton people must stop trying to entice Milosevic and his cronies to dinners at French castles and instead treat him as the pariah that he is, while actively helping those in Serbia who oppose Milosevic's fascist regime and who understand that building a free, pluralistic society is the key to bringing down this bloody tyrant.

To this end, I am introducing legislation with Sens. Richard Lugar, Gordon Smith, Joseph Lieberman, Frank Lautenberg and others to make Milosevic's removal and Serbia's democratic transformation U.S. policy.

The bipartisan "Serbia Democratization Act" will, among other things:

- Authorize \$100 million in U.S. funds to help support democracy and the development of a civil society inside Yugoslavia.
- Authorize increased Voice of America and Radio Free Europe/Radio Liberty broadcasting.
- Authorize assistance to victims of Milosevic's repression.
- Codify the "outer wall" of our sanctions on the Milosevic regime.
- Block all Yugoslav assets in the United States.
- Deny visas to senior Serbian and Yugoslav government officials.
- Require certification that Yugoslavia has a freely elected government before restoring most-favored-nation trading status to Yugoslavia.
- Prohibit strategic exports and U.S. loans to Yugoslavia.

The goal of the legislation is to isolate Milosevic, while at the same time engaging the Serb people and giving them resources with which to build democratic institutions and a pluralistic civil society.

The United States must work with democratic forces in Serbia to get out the message that it is Milosevic's autocratic rule and brutal repression in Kosovo that endangers Serbian territorial integrity. We must further make clear to the Serb people that a Yugoslavia whose government is based on democratic principles, the rule of law and respect for human rights will be welcomed with open arms into the community of nations.

Milosevic's removal is our exit strategy, and it is the only policy that can bring lasting peace to the Balkans. The alternative is more indefinite, and increasingly dangerous, U.S. military deployments in the Balkans.

The writer, a Republican from North Carolina, is chairman of the Senate Foreign Relations Committee.

Sawley
This is a great
document - we should
try to get it into the
Congress - 

3-29-99

✓
copied
Bergen
Podesta

Foreign Affairs

THOMAS L. FRIEDMAN

While We Were Sleeping

SHANGHAI

Visiting Shanghai is always a useful reminder of how frozen perceptions of China are in America today, and how far reality has moved here. To listen to some of the talk in Congress, one would think that nothing has changed in China since Tiananmen Square. To talk to Chinese is to understand that a "New Deal" has been forged in the past decade between the Chinese Communist Party and the Chinese people. It is a messy, cynical, pragmatic deal, but it is the central political reality of China today, and it explains why America is winning here, not losing.

While Tiananmen marked the end of the student-led democracy movement in China, it also marked the end of the Chinese Communist dictatorship as we knew it. While China's leaders may have feigned indifference to the outside world, it's clear now that they realized that they almost lost it all in 1989, and that they needed a new bargain with their people in order to survive.

That new deal is as follows: We the Communist Party will remove ourselves from people's lives as never before. You can work where you want, live where you want, wear what you want, study abroad if you want, get from the Internet most of what you want and start a business if you want. In return, the Party will insist on only two things — that you dare not challenge its authority and that you have only one child.

This new deal, and the flourishing of personal freedoms it delivered, helps explain some of the internal stability of the past decade. In 1989, many Chinese who took to the streets at Tiananmen, or passively supported it, came from homes with a bare light bulb swinging from the ceiling, no TV, no phone, one Mao outfit and no pros-

China's post-Tiananmen party line.

pects to improve their lives. That is simply not the case today.

I participated in a seminar a

Shanghai's Fudan University, and was particularly struck by one professor who said: "We need a country in the world, like America, that has a dream to be perfect. And when America is telling China that it is violating basic human rights, we should admit that we have human rights problems. But today's China is better than yesterday's China. We have a way to improve. We feel our lives are better today, and we are not wrong."

Indeed, the combination of rising incomes, rising opportunities and greater personal freedom has enabled the Communist Party to rule today not only by repression, but with the passive assent of China's silent majority. The Party has bought itself some time.

But how much? That will depend in part on the Government's ability to keep incomes and opportunities rising. If it stumbles it is going to have to share power sooner. But it will also depend on a new factor — the information revolution that is sweeping China. At the university and elite levels the Internet is now pervasive, and at the mass level there has been an entertainment revolution in the past two years, with the spread of cheap video compact-disk players. Virtually every Hollywood film has been pirated here and they are now being viewed everywhere in China. As a result, the gap between the Communist Party and the rest of China is now growing wider and wider. The Party is frozen and the country is running away from it.

Graham Earnshaw, who runs a booming Shanghai business designing Web pages, has been in China for more than 20 years. He remarked to me: "I was recently out visiting the Hope Group, which is a major grain company and the largest private company in China. I was meeting with the chairman and there were two other people sitting there. I asked him about the company's relationship with the Communist Party. He pointed to the two guys sitting there and said, 'They are both Communist Party members, and my aim is to make them millionaires in two years.'"

No one knows how the political transition is going to happen here. But I do know that everything from American contract law to accounting standards to cultural messages is now winning here more each day. We should keep hammering China on human rights and international norms. The Chinese leadership needs to hear that. But what is driving change here is the educational, commercial, entertainment and Internet interactions between millions of Chinese and the outside world, and that must never be aborted.

In Russia, the Communist Party tried to privatize Russian society and it failed. In China — if we are lucky — the Chinese people will privatize the Communist Party. □

Return for pers. file
to NH

WHITE HOUSE
WASHINGTON

March 26, 1999

Dr. Danny H. Thomason
Thomason Optical
10300 Rodney Parham
Little Rock, Arkansas 72227

Dear Danny:

I was so touched by your note and the inspiring passages from Scripture. You're right -- they are very appropriate right now.

Thank you, always, for your lasting friendship, which means the world to me.

Sincerely,

Trin

I saw Anthony after
you & I talked - He gave
me the lowest cd of
Munich -

fr. Danny Thorne
Wray
Heir for

eb

✓ Proverbs 24:10-12

New American Standard

If you are slack in the day of distress, your strength will be limited.

Deliver those who are being taken away to death, and those who are staggering to slaughter, oh hold them back.

If you say "See, we did not know this," does He not consider it who weighs the hearts? And does He not know it who keeps your soul? And will He not render to man according to his work?

Proverbs 24:10-12

The Living Bible

You are a poor specimen if you can't stand the pressure of adversity.

Rescue those who are unjustly sentenced to death; don't stand back and let them die. Don't try to disclaim responsibility by saying you didn't know about it.

For God, who knows all hearts, knows yours, and He knows you knew! And he will reward everyone according to his deeds.

Mr. President,

As I was reading the Bible this morning, this scripture was in my daily reading. I think it is most appropriate for the Kosovo situation. You ARE doing the right thing.

I am very, very proud of you, and your friendship is one of the most precious things in my life.

I pray for you many times during the day and night, and I love you very much.

Danny

March 24, 1999

Copy- HRC

WHITE HOUSE
WASHINGTON

Copied
HRC

MARCH 27, 1999

Sally A. Blackmun
1521 Harris Circle
Winter Park, Florida 32789

Dear Sally:

I loved your letter, and I'm so glad your father had a memorial befitting his truly remarkable life.

I am touched, too, to know of his appreciation for the particular part of Arlington where he now rests. It warms my heart to know you feel he is in an appropriate place. How wonderful that you and your family arranged for him to arrive there in a VW -- I never knew how much he loved them.

My best wishes to you, Susie, and your mother as you remember your father. I know you will find solace in each other's love.

Sincerely,

Bill

Hillary and I will
always treasure our
~~Reunions~~ memories
with your father --

him and with us.

*to the
Harry* *CB*
Sally A. Blackmun

March 16, 1999

President and Mrs. William Jefferson Clinton
The White House
Washington, DC 20500-2000

Dear President and Mrs. Clinton:

The recognition and celebration of Dad's extraordinary life last week in Washington was far more than I ever imagined it could or would be. Thanks so much for your calls to Mother, for being at Dad's memorial service, and for playing a key role in his final resting-place at his beloved Arlington.

We were fortunate to have discovered the beautiful 48-star flag we used on Dad's casket in his Court storeroom the day before he made his final journey to the Court. It was the flag that covered his father's casket at his death in 1947. The flag-draped casket centered in the beautiful Great Hall atop the Lincoln catafalque was a sight I will never forget.

Cemeteries and the history they told, especially Arlington, fascinated Dad. The family spent many a Sunday afternoon walking among and studying the tombstones. Dad so loved the grassy knoll overlooking the city where he now rests. It's amazing that the heart that kept him from serving in the military 70 years ago managed to beat for 90+ years.

The family thought it fitting to carry Dad's remains to Arlington in a blue VW, his vehicle of choice beginning in 1961. The procession from the Court down Constitution Avenue was quite a sight - the "bug", followed by two stretch limos! Unfortunately, you missed his frequent trips to the White House in his beloved blue VWs. The bullet through his living room window in the 1980s ended his driving days, but the series of blue VWs he drove that his three daughters subsequently inherited will forever be a part of our fond memories. The blue VW, Garrison Keillor's soft serenade to the small private gathering at Arlington and the beautiful snowfall that morning made for an unforgettable moment in time.

We do apologize to Hillary for the "Minnesota" snowstorm we're certain Dad was responsible for on Tuesday! As we were slipping and sliding in the limos on the way to the Metropolitan Memorial Church, I really thought Hillary might be the only one to get through the snow to celebrate Dad's remarkable life. Regrettably, many of our friends missed the service altogether.

Dad treasured his times at Renaissance Weekend with the Laders, the two of you and other fascinating Americans. Among my most favorite memories are the evenings Dad joined the Renaissance stage with each of you. Thanks for sharing your busy lives with him and with us.

-2-

Once I get Dad's personal and Court affairs squared away, Susie and I hope Mother will join us here in Orlando where the two of us and three of her five grandchildren live, so that we can spend more time together. She's held up remarkably well these past three weeks, but I know the emptiness will begin to sink in over the next few months.

Dad was my mentor, my hero and my friend. This country of ours truly is a better place due to his dedication, influence and contributions. I will miss him terribly, as I know you miss the parents you both have lost.

Warm regards and many thanks,

A handwritten signature in cursive script, appearing to read "Susie". The signature is written in dark ink and is positioned below the closing text.



1999 NOV 22 AM 8:56

President & Mrs. William J. Clinton
The White House
Washington, DC 20500-2000

20500/2000



THE WHITE HOUSE
WASHINGTON

Date 3/29/99

To: DAN BURICHARD.
From: The Staff Secretary

PETER SHOULD JUST
DO A VERY NICE
LETTER TO THIS
KID



Letter submitting Joseph
Maldonado as an honoree
at annual Rose Garden
ceremony for the brave

(2d copy sent 3-5-99)

THE WHITE HOUSE
WASHINGTON

Date

3/2

To:

JEFF FORBES

From: The Staff Secretary

DO WE DO AN EVENT
LIKE THIS?

-SEAN!

505 Elmwood Ave.
apt. 3-H
Buffalo, N.Y. 14222
(716) 883-8583

Betty Currie,
Oval Office Secretary
White House

Dear Betty Currie,

99 FEB 19 PM 10:07

I in November 1998 my
godson, Joseph Maldonado, age 10
received a very nice letter
and a personalized picture from
President Bill Clinton for Joseph's
bravery when he saved his
younger sister's life. Joseph was
very happy and thrilled to have
received the letter and picture and
says thank you sincerely !!

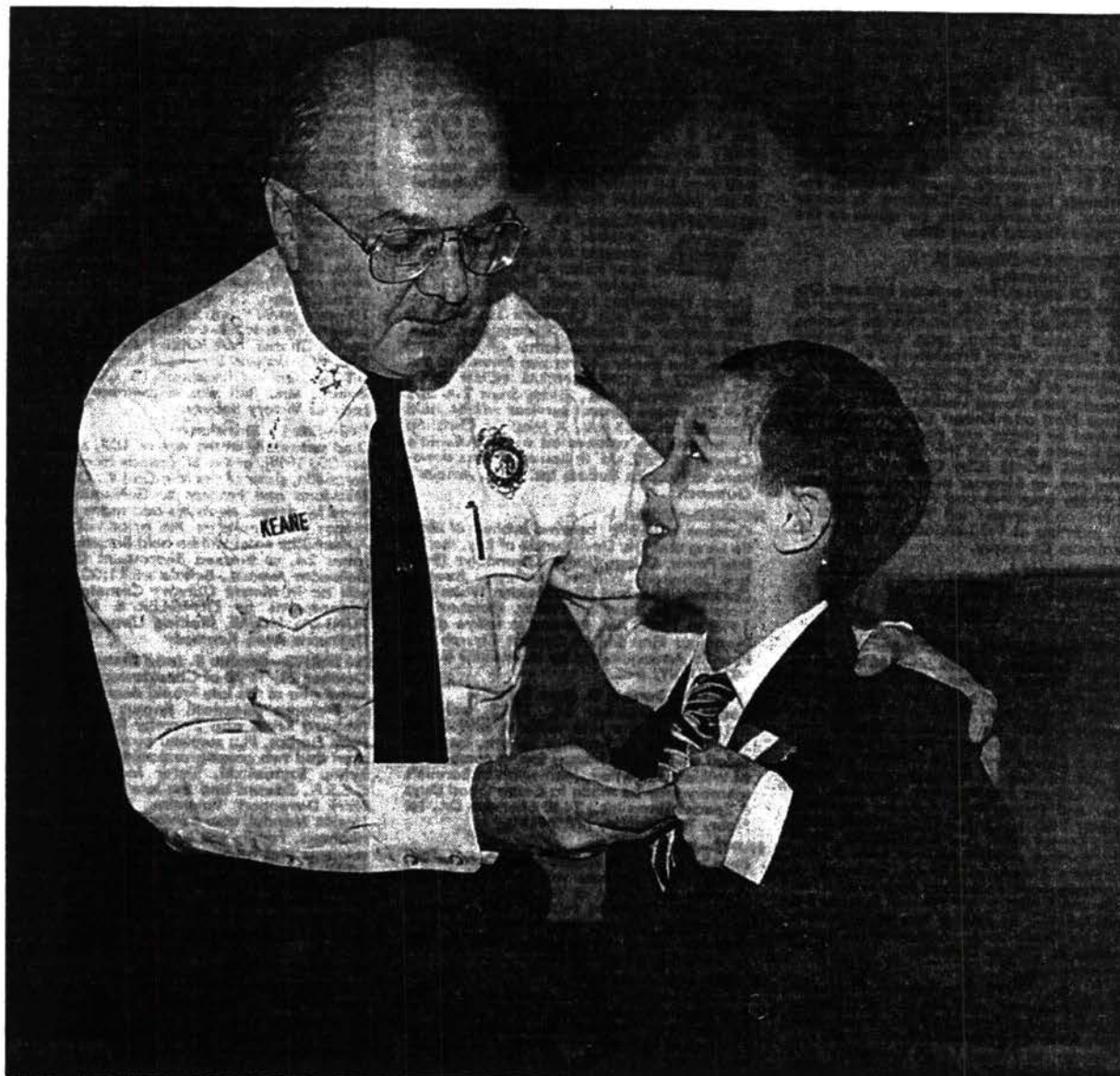
I have heard and read about
a special ceremony that is held
every year in The Rose Garden
at The White House in the spring
or summer that honors Americans

(over please)

from all over The United States who have performed acts of bravery and courage and have saved the lives of other people in performing their brave acts.

Would it please be possible to include Joseph Maldonado, my Godson as one of the Honorees at this Ceremony?! Joseph was only 9 years old and did show extreme bravery and extraordinary courage in saving his younger sister, Hayley's life. He really does deserve to be an Honoree.

Very sincerely,
Martin Snow



SHARON CANTILLON/Buffalo News
Buffalo Fire Commissioner Cornelius Keane inspects Joseph Maldonado's Citizen Bravery Award.

A firefighter at age 9, boy receives Bravery Award for saving sister's life

By LOUISE CONTINELLI
News Staff Reporter

Playing with a cigarette lighter, a 5-year-old Buffalo girl set her clothes on fire in January. When she started to scream, it alerted her 9-year-old brother, who was taking a bath.

Quick-thinking Joseph Maldonado carried his sister, Hayley Knowles, into the bathroom, put her in the bathtub and turned on the water to douse the flames.

Joseph received the Citizen Bravery Award from the Buffalo Fire Department today at Black Rock Academy, School 51 on Hertel Avenue for saving his young sister's life.

Seeing his sister ablaze was scary, Joseph admits. "Her back and her hair was on fire," remembers the fourth-grader, now 10. "I was thinking, *what*

should I do? So I picked her up and brought her in the tub."

Joseph, who wore a suit and tie to get his medal and plaque, is proud of his award and can't wait to display it on his bedroom dresser.

Being a hero does have its rewards, he revealed: "It was fun getting this! My friends all said, *WOW!*"

So did his mother.

"We wouldn't have my daughter today if it wasn't for Joseph," said Mrs. Heather Knowles.

"All his teachers love him."

Her daughter is still recovering from her severe burns.

"It's against our rules to play with a lighter," Joseph pointed out. "You can catch on fire."

For now he's trying to help his sister get better. And what does Joseph plan to be when he grows up? What else?

"A fireman."



Maldonado Receives Citizen's Bravery Award

It was a standing ovation for young Joseph Maldonado at the Buffalo Convention Center on October 10, 1998.

Joseph had been presented with the Citizen's Bravery Award from the Buffalo Fire Dept. at their

annual awards ceremony.

Joseph was only 9 years old when he exhibited extraordinary courage in coming to the aid of his 5 year old sister Hayley when she accidentally set her clothes on fire.

Hearing Hayley scream,

Joseph ran into the other room and found his sister on fire. He knew he had to do something and quick.

Joseph picked up Hayley and carried her to the bathroom, placing her into the bathtub he turned on the water and splashed Hayley un-

til the flames went out.

Hayley was severely burned and had to have skin grafts but she is alive because of the swift actions of Joseph.

Joseph Maldonado is the Godson of Martin Snow and the great grandson of Ursula LoTempio of Riverside.



Betty Currie,
Oval Office Secretary
White House
1600 Pennsylvania Ave.
Washington, D.C. 20500

THE PRESIDENT HAS SEEN

3-29-99

Bds

my note for
Bureau City
new to have that
one contact in
Wt for the —

copied

Stein

Lindsey

COS

for

3-29-99

 Mean

Attitudes

LS Received
LS Home Pmt

⑤ Sub con - W / R

① Cell theory

② Let's talk about work now

③ ~~Wait 4.15.14~~ 29-11-95

FLA Corps Hook Contingent

THE WHITE HOUSE

③ Sub Mr - Cent Hi
WASHINGTON

March 24, 1999

Navigational

MEETING WITH ARKANSAS DEMOCRATIC DELEGATION

DATE: Thursday, March 25, 1999

LOCATION: Oval Office

TIME: 10:55 am to 11:25 am

FROM: Larry Stein *LS*

I. PURPOSE

To meet with Senator Blanche Lincoln, Congressman Marion Berry, and Congressman Vic Snyder to discuss matters of importance regarding the State of Arkansas.

BACKGROUND

This meeting comes at the request of Senator Lincoln. She and Representative Berry and Representative Snyder would like to speak with you generally about the state of relations with the Arkansas delegation and specifically about projects in the state. There is a high level of partisan tension within the delegation. The Democrats have been concerned that the local press has portrayed Senator Tim Hutchinson, Congressman Asa Hutchinson, and Congressman Jay Dickey as doing more for the state. Congressman Dickey sent you a letter seeking a meeting with you on behalf of the delegation earlier this year. He did not discuss this with any of the Democrats prior to sending his letter. The Democrats did not want a meeting held at his request.

The primary purpose of your meeting is to stress the need for better coordination with their offices. The Democrats would like a single contact person that they can go to when they have problems or concerns with the Administration. You should know that they are frustrated and feel that they have not been given notice about events in the state and have not gotten quick responses to requests for assistance with projects.

The Office of Legislative Affairs has been working closely with the Arkansas Democratic delegation in order to settle on a list of priorities and identify areas where assistance is needed. The following is preliminary background regarding the top priority projects identified by the Democrats:

Arkansas State University Entrepreneurial & Trade Center (Congressman Berry's district) ASU and the Delta Council submitted applications to three (3) grant programs through the regular process, which provides funds on a competitive basis. They are seeking funding through reprogramming at USDA to ensure sufficient resources are available. USDA opposes this reprogramming because the agency believes it would take funds from other needy areas of the country, and USDA believes the Lower Delta region

already receives a significant portion of the agency's rural development funds. USDA has also expressed concerns that the money should not be spent this way, which is not a specific agriculture use. This information was communicated to Rep. Berry's office when the FY2000 budget was transmitted.

*Edm
Altg
BS* ✓ **Little Rock Air Force Base** (Congressman Snyder's district) - The delegation is concerned that the historic training function for C130s is threatened by Senator Lott's effort to move production of new C130s to Mississippi. They want to keep the jobs at this facility. OMB is concerned that taking action to protect this base would be viewed as politicizing the BRAC process.

Grand Prairie Irrigation Demonstration Project (Congressman Berry's district) - We fully funded this project at the level Rep. Berry requested, \$21.9 million, in your FY2000 budget. But, over the life of the project, he would like to have the Corps pick up additional portions of the local cost share. This is difficult because it will significantly increase the costs for the federal government (as you know, the Corps budget is very tight). The Chief of Staff's office has been working with Rep. Berry on this project for several months. Rep. Berry's first request was that the Corps pick up 100% of the costs which would be unprecedented. The Corps can take into consideration extenuating circumstances and provide funding up to 35% of the total project costs. We have urged Rep. Berry to explore this option with the Corps.

X **Hot Springs National Park Parking Improvements** - Senator Lincoln wants \$21.6 million for this project. The City of Hot Springs has asked FEMA for funds to shore up the rock wall and provide for additional parking. FEMA does not have funds for this type of project. OMB has suggested that it may be possible to find funding in the US Geological Survey. And, a small portion of the need could possibly be met with FEMA Post-Disaster Mitigation funding. The Administration can work with the delegation to explore those options. Additionally, the out-year National Park Service construction list does include two lead abatement projects at Hot Springs National Park totaling about \$13 million.

✓ **Central Arkansas Transit Authority (CATA)**- The delegation requests \$20 million to build a light rail project in downtown Little Rock; including \$5 million for preliminary engineering. TEA-21 contains an earmark of \$2 million in total from 1998-2003 under the High Priority (Demonstration) Project program. The Department of Transportation (DOT) believes that the delegation is upset that this project was not included in the Federal Transit Administration's list of "New Starts" project earmarks included in the FY2000 Budget. Additionally, this project is listed as "not recommended for funding" in another DOT report. [Since the time that report was prepared in draft, CATA has completed its local financing plan, and DOT's recommendation may change.] *X* It is unlikely that DOT would select this project as a "New Start" priority, because the preliminary engineering has not yet been completed. DOT has discretionary preliminary

engineering money available in 2000. It would be possible to try to help the CATA with more funds to complete preliminary engineering work.

Jonesboro Overpass at Caraway Road (Congressman Berry's district) - The delegation would like help with a number of grant application processes. The delegation requests \$15 million to improve two (2) separate freight rail-highway crossings, of which the State and local governments have tentatively offered to contribute \$3 million. The State has indicated limited interest in applying for a loan under the Federal Railroad Administration's Railroad Rehabilitation and Improvement Program. Once DOT completes design of this program, this project could be eligible. The State has also indicated an interest in applying for Scenic Byways program (\$21 million in 1999 and \$22 million in 2000) and Transportation and Community and System Preservation Pilot program (\$14 million in 1999 and \$48 million in 2000) grants. The application deadline for 1999 has passed; however, the State could apply next year for 2000 grants for this project. The Arkansas delegation is much more interested in grants, rather than the loan program. DOT has agreed to work with the State on possible options.

Pine Bluff Arsenal (Congressman Snyder's district) - The FY99 budget directed the Army to establish a Domestic Preparedness Sustainment Training center at the Arsenal working with DOD and DOJ and other federal agencies. The delegation would like this project to be a high priority for DOD and DOJ. They are also concerned about potential work force reductions as a part of the 1997 Quadrennial Defense Review.

Highway 412 St. Francis River Bridge (Congressman Berry's district) - The States of Arkansas and Missouri have submitted an application for \$20 million out of a \$124 million discretionary pot at the DOT in order to widen an existing 2-lane bridge into a 4-lane bridge. This is a "high priority corridor" per TEA-21 which gives this project priority for funding under the corridor component of DOT's National Corridor Planning and Development and Coordinated Border Infrastructure program. DOT is currently reviewing the applications. DOT will be making decisions on the corridor program prior to the end of May. DOT will be looking at this project, among others. Against the \$124 million available in 1999, DOT has requests in excess of \$2 billion. The requests are highly competitive.

In addition, TEA-21 contains a High Priority (Demonstration) Project program (BA) earmark of \$7.5 million to the state over six years for improvements to Highway 412 in Fulton County near the Missouri border. These funds could be used for the bridge or another project on the highway, but the State may not make these funds available to this project. The State of Arkansas will have to "weigh" all its Congressional earmarks against one another to decide which earmark should be placed under construction quickly and which ones should wait.

Ten and Fifteen Mile Bayous Channel Enlargement (Congressman Berry's district) - This project is not currently authorized by Congress. As a matter of general policy, the Administration does not budget for unauthorized projects. This project is an agriculture flood protection project and would be a new start, making funding very difficult.

*How much
funding
can we get?*

The National Water Management Center - Senator Lincoln would like to see increased funding for additional personnel and expanded assistance programs in USDA as well as the Corps, the Fish and Wildlife Service, the EPA and other federal agencies for this project. The USDA has already announced and supports the move of the Water Management Center to the University of Arkansas Pine Bluff experiment station and entered into an agreement with the university in 1996 to initiate the "Small Farm Outreach Water Management Center. The Center will be the headquarters for the Wetlands Water Management Program. The university secured an 871 acre farm in Lonoke as the first step of the relocation. OMB suggests that while we don't know how much money USDA is planning to spend there, we can be supportive of the delegation's intentions while not committing to a specific figure in the USDA budget.

X

Representative Marion Berry

There are two other matters of importance to Rep. Berry that have been raised to you before:

Meeting with African American religious leaders: Rep. Berry has requested a meeting with you and these leaders from his district to discuss economic development in the Delta. We have been working with cabinet agencies to determine what type of work or ideas we can develop to be of assistance here. The Chief of Staff's office has established a working group that is coordinating an interagency group based on the Delta Regional Commission. Secretary Slater recently submitted a memo to you outlining progress made in the region to date and outlining potential next steps. You have indicated that you would like to do this meeting and it will take place once we have an idea of what work has been done and what is available to offer them.

Meeting

X

Eaker AFB Archeological Heritage Center: Rep. Berry sought \$4 million for construction and \$1.1 million for rehabilitation in the FY2000 budget. This has not been authorized by Congress. The National Park Service did not request funding for this project in the budget. Congressman Berry remembers talking to you about having it designated an historic site by Presidential Executive Order. This possibility is being explored.

III. PARTICIPANTS

The President
Senator Blanche Lincoln
Congressman Marion Berry
Congressman Vic Snyder
John Podesta
Doug Sosnik
Jack Lew
Sylvia Matthews
Larry Stein
Thurgood Marshall, Jr.

IV. PRESS PLAN

Closed Press.

V. SEQUENCE OF EVENTS

Private Meeting.

VI. REMARKS

None.

VII. ATTACHMENT

I. Talking Points

199 MAR 29 PM 3:55

3-29-99

From Marge Tarmey

Send to NSC?

Yes ☒

No ☐

C



PRESIDENCIA DE LA REPUBLICA
COSTA RICA



Miguel Angel Rodriguez E.
PRESIDENTE DE LA REPUBLICA

SAN JOSE, MARCH 3, 1999

DEAR MR. PRESIDENT:

There are many consequences to the damages caused by Hurricane Mitch that are now being felt not only by the countries which were most directly impacted, but by their neighbors as well. Primary attention should of course be paid to the nations who have been hit the hardest and which have lost so mucho of their infrastructure and capaci. It is right that most of the resources which you have provided and those requested from the U.S. Congress in your emergency supplemental bill have been and will be targeted to the nations which have suffered most directly from the ravages of Hurricane Mitch. Although Costa Rica suffered a severe impact from Mitch, with nearly one hundred million dollars in direct damage to infrastrure and agriculture, we cannot justify the need for the massive infrastructure repair that is required by our neighbors. However, we do have a continuing burden as a result of Hurricane Mitch which is escalating in its cost and which causes us to wire to you to request assistance.

Costa Rica has a long tradition of providing humanitarian assistance. In fact the constitution requires that we provide education, healh services and other social benefits regardless of origin or inmigration status. Immediately prior to the hurricane, Costa Rica granted an amnesty to 400.000 to 500.000 Nicaraguans who have entered the country illegally over the last two decades. We are now faced with a massive inflow of refugees whose number is unknown and growing. While Costa Rica is more than willing to assist in this time of crisis, the resources of our country do not allow us to take care of this new wawe of refugees.



Miguel Angel Rodriguez E.

PRESIDENTE DE LA REPUBLICA

It is easy to see that the devastation caused by Mitch, particularly in Nicaragua and Honduras, has forced a large number of people to leave their homes and seek shelter and jobs elsewhere. There is growing evidence that refugees from the hurricane are leaving the affected areas in order to seek their livelihoods. If we are unable to provide for those who have chosen to come to Costa Rica, there is a significant likelihood that they will move north from the region to the United States, desperate to find a means to support themselves and their families.

It is estimated that the additional cost of providing the housing, education, healthcare, and other social services for these refugees is presently approaching one hundred million dollars per year, an amount which is directly attributable to the increased flow of refugees from Hurricane Mitch. As a result, we are threatened with and overwhelming cost of coping with the refugees that will adversely impact our society. We need your direct assistance to share the burden of providing basic human needs for these refugees at this critical time. In view of our long standing friendship and our shared humanitarian values, we look to you with confidence for assistance in confronting this serious problem.

SINCERELY,


MIGUEL ANGEL RODRIGUEZ ECHEVERRIA
PRESIDENT OF COSTA RICA

PRESIDENT WILLIAM JEFFERSON CLINTON
THE WHITE HOUSE
WASHINGTON D. C.



3-29-99

THE WHITE HOUSE
WASHINGTON

March 27, 1999

MR. PRESIDENT:

Attached are the following weekly reports:

(A) Weekly Economic Briefing

(B) Interest Rates and Stock Market/
Update on Global Markets

(C) DPC

(D) NEC

(E) CEQ

(F) OSTP

(G) Climate Change

(H) Legislative Affairs

(I) Communications

(J) Public Liaison

(K) Intergovernmental

(L) Race Initiative

(M) Cabinet Affairs

(N) Political Affairs

Tab A - Yellen / Podesta

Tab C - Reed / Kagan / Podesta

Tab D - ^{pg 2: VF/HRC / Podesta} Sperling / Podesta

Tab F - Lane / Podesta

Tab I - Ucelli / Spedon / Podesta

Tab J - Cahill / Podesta

Tab K - Ibarra / Podesta

Tab L - Johnson / Podesta

Tab M - Marshall / Balderston / Podesta

Tab N - Moore / Podesta

Phil Caplan

Sean Maloney

Phil
SM

3-29-99

EYES ONLY

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

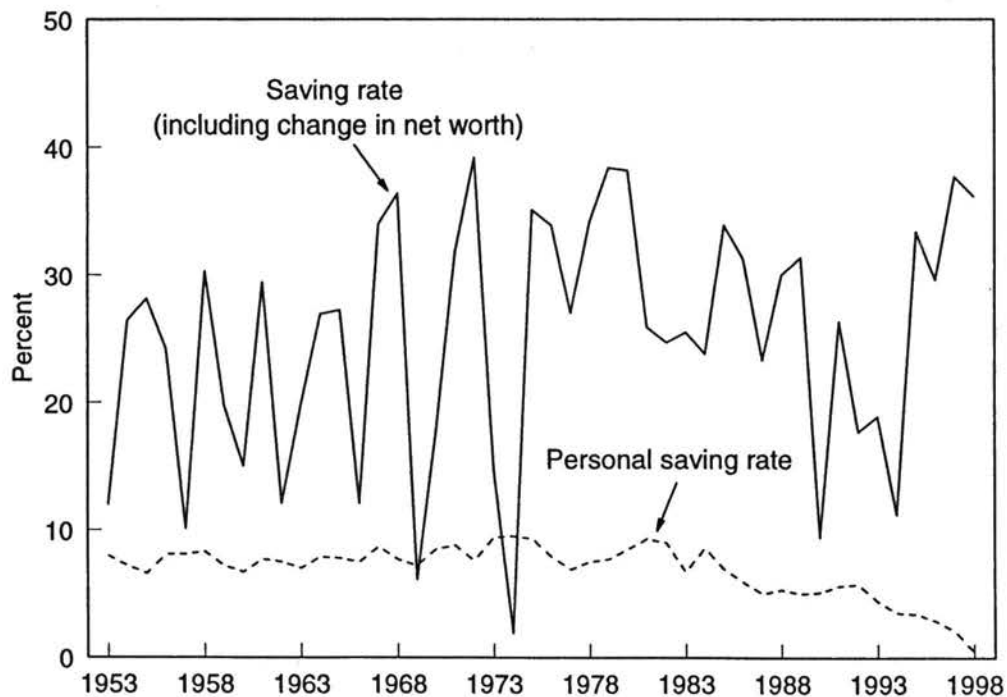
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

March 26, 1999

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yellow
Podesta

CHART OF THE WEEK

Personal Saving and Changes in Net Worth



The personal saving rate, which measures how much people save out of disposable personal income, does not reflect capital gains and has shown a precipitous decline in recent years. By contrast, the saving rate based on an expanded definition of income that includes capital gains and other changes in household net worth has remained high. The historical record shows, however, that changes in net worth are highly volatile.

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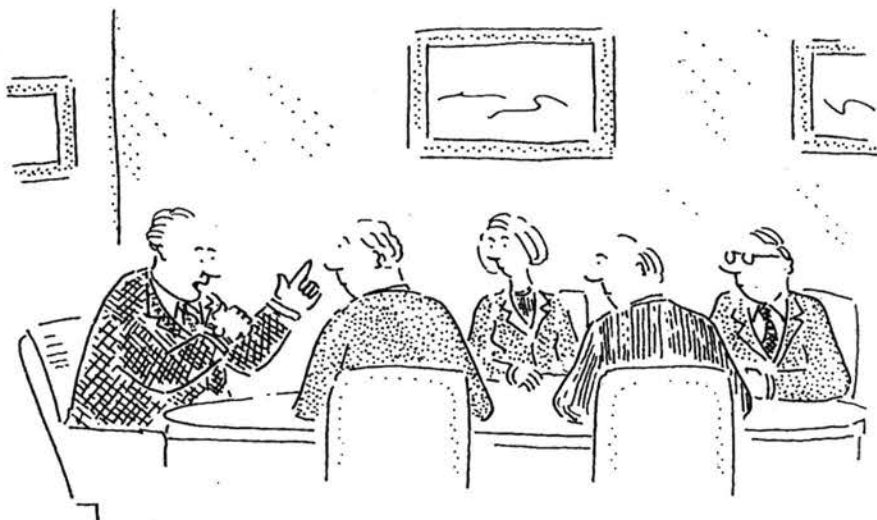
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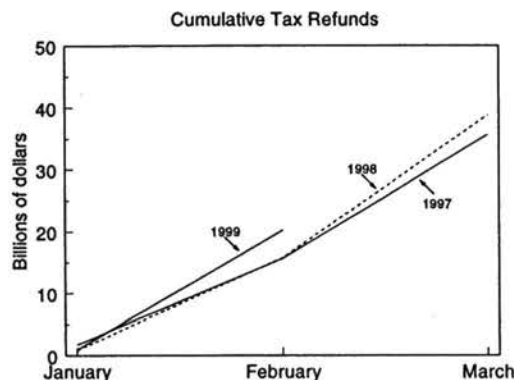
"O.K., on my signal we're going to shift from pre-millennial to post-millennial thinking."

CURRENT DEVELOPMENT

Will Tax Refunds Boost Consumption or Saving?

Income tax refunds so far this year are running ahead of last year's pace, putting more money in consumers' pockets. Standard economic theory indicates that most of these refunds will be saved, but experience suggests that a significant fraction will be spent.

Why are refunds higher? Income tax refunds through February were \$4.4 billion (28 percent) higher than in the same period a year ago (see chart). Increased use of computers for tax preparation and



filing may be contributing to faster processing and an increase in the proportion of refunds received earlier in the year. But total refunds will probably be higher than last year's \$100 billion as well. One private forecast sees refunds totaling about \$17 billion more in 1999 than in 1998, with much of the increase attributable to the education and child tax credits enacted in 1997. This increase represents about 0.3 percent of annual disposable personal income.

Consumer behavior. Economic theory posits that rational consumers try to smooth consumption over time, implying that windfall increases in income will mostly be saved. However, many lower- and middle-income taxpayers may view a tax refund as a means to achieve desired levels of consumption, which might otherwise have been limited by borrowing constraints. In addition, consumers may deliberately overwithhold taxes through the year as a form of forced saving that provides a spendable "windfall" tax refund. This year's refunds may also be larger than expected if consumers did not adjust their withholding to take the new credits into account.

Empirical evidence. The empirical evidence on household consumption and income tax refunds suggests that tax refunds boost consumption noticeably. One recent study finds evidence that even many consumers who do not face borrowing

constraints tend to spend a high fraction of their tax refunds. Studies of the 1975 tax rebate and the 1992 reduction in withholding rates also suggest a relatively high spending response.

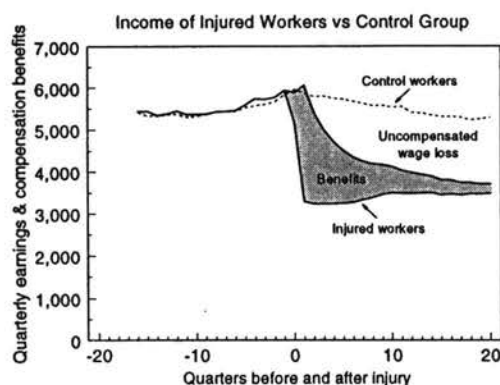
Conclusion. The macroeconomic impact of higher tax refunds will be relatively small, whether they are saved or spent, because of their relatively minor impact on disposable income. But this year's experience with higher refunds associated with new tax credits will provide economists with more evidence for testing and refining their understanding of consumer behavior.

SPECIAL ANALYSIS

The Impact of Workplace Injuries: Evidence from California

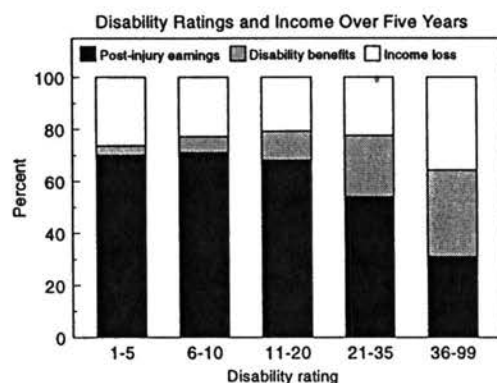
Workplace injuries can lead to substantial reductions in work time and earnings, according to a recent study of workers in California. Workers Compensation (a state-run program) offsets only a small fraction of foregone earnings, and in many cases workers with similar injury-induced earnings losses receive different benefits.

Earnings losses are substantial. The study uses the earnings of uninjured co-workers with similar recent earnings to estimate the earnings loss of workers who file compensation claims for permanent injuries (about 40 percent of indemnity injuries). It finds that the earnings of injured workers making claims fall sharply in the quarter of injury, leaving a substantial gap between their income and that of uninjured co-workers—even though both had similar wages during the 5 years leading up to the injury (see upper chart). Moreover, the



decline in earnings appears to be permanent, with a 34 percent earnings gap 5 years after injury. Workers Compensation cushions workers from reduced wages and time away from work, but only for a short period after the injury. Because wage losses persist and benefit payments run out, benefits compensate slightly less than 40 percent of workers' full losses over a 5-year period after an accident.

Problems with the disability rating system. In California, the amount of benefits is based on a numerical rating derived from doctors' descriptions of the severity of an injury. The study found that this system does a poor job of linking benefits to



earnings losses for those with less severe injuries. In particular, earnings losses tended to be comparable in the three lowest (least severe disability) ratings categories. But because a lower disability rating means a smaller benefit, the net income loss was largest for those with the least severe disabilities (see lower chart). In cases where the same injury was evaluated by different raters, the study found considerable variation in

these ratings. For example, claims rated 10 by insurance adjusters received ratings ranging from 2 to 82 by the state evaluation unit.

Conclusion. Workplace injuries can generate substantial earnings losses, and California's compensation process is thought by many to be both unpredictable and inequitable—which may be why it is also litigious. Although other states use different disability ratings systems, the scant available evidence suggests that they too have difficulties with consistency and predictability.

3 - 29 - 99

ARTICLE**Changes in the Video Programming Market**

Dramatic changes in the structure of the television programming market in the past 15 years have reduced the magnitude of conventional market failures that produced duplicative programming and ignored many strongly held audience preferences. But in other ways these changes have simply altered the market failure mechanism and given rise to new regulatory challenges.

Historical market failures. For years, viewers did not pay for television, and broadcast licensees measured viewer preferences indirectly through audience counts and advertising rates. Ignoring the relative strength of different audience preferences was a recipe for inefficiency: a program able to attract 100 nearly indifferent viewers was more likely to be aired than one that would be highly valued by 99 people. Advertisers, not viewers, chose programs.

The limited number of channels available in even the largest market was a second source of possible market failure. With only a small number of competitors, competing channels had an incentive to duplicate the most popular formats so long as their individual shares of advertising revenues from such programming were higher than the revenues from switching to the next most popular format. The result could be program homogeneity that is economically rational for each broadcaster but leaves segments of the viewing market under-served.

Policy remedies. Over the years, the Federal Communications Commission has taken aim at the failures of the conventional broadcasting market through a series of policies that conditioned renewal of free spectrum licenses on the provision of diverse programming that met the needs and desires of the communities the licensees served. Although the efficacy of those policies has been debated, they addressed real problems.

What has changed? Changes in the video programming market have reduced the kinds of failures that plagued the first decades of broadcasting. The number of broadcast stations has grown, from about 1200 in 1985 to over 1500 in 1997. A fourth major network has begun to compete with the three large incumbents and a fifth is beginning to develop. Finally, broadcasters might use their free digital spectrum to bring additional channels into the market. Although conventional broadcast is thus more competitive than in the past and can potentially offer a greater range of programming for viewers, variations on formats already proven to be lucrative may limit the introduction of novel programming.

Importantly, subscription-based, multichannel video providers like cable and direct broadcast satellite (DBS) services have entered the market successfully. Because consumers pay directly for these services—and, in the cases of premium channels and pay-per-view events, directly for specific programming—consumer preferences are

better communicated than they are for regular broadcasters. Moreover, cable and DBS operators have an economic incentive to choose a mix of programming that will attract viewers to their systems. With more than half of all cable subscribers receiving more than 54 channels, and only 3 percent of cable subscribers receiving fewer than 30 channels, the video market can now satisfy a far broader diversity of viewing preferences than in the past.

New challenges. These diversity- and efficiency-enhancing changes have not removed all hazards to consumer welfare. Increased integration between program producers and channel providers means that some independent programming may, just as in the days of scarce channels, have a harder time finding an outlet to viewers. This problem can be exacerbated by increased consolidation of video distribution systems (such as cable operators). The fact that advertisers still play a central role in choosing programming could also lead to less diversity than audiences ideally want. In addition, as competing systems divide audiences among an increasing array of channels, the revenues for any given program may decline and drive channels to seek lower cost formats. If program quality correlates with program cost, then lower quality programming may result. Finally, increased competition might also make program providers less willing to allocate time on their stations or systems to public service programming devoted to children, education, or political debate.

Conclusion. The programming market today is much larger and more competitive than in the past. Segmentation of the market between free and pay sectors has reduced the dominant influence of broadcast networks, but it has raised other issues. Although these changes have in large part eliminated the mechanisms that historically created concerns about program diversity and satisfaction of audience preferences, those concerns have not vanished. Moreover, recent market changes have given rise to new concerns about program quality and public service programming. The quality problem may be partly cured by market forces, as consumers have the opportunity to pay for programming they strongly desire and as rival video programmers compete on quality as well as price. The diversity, consolidation, and public-interest issues are more difficult problems that remain subject to some Federal regulation.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

States' Reserves Found Inadequate. Some 40 states do not have enough savings in budget reserves and rainy day funds to maintain services if a recession similar to the 1990-91 downturn were to begin in 2000, according to the Center on Budget and Policy Priorities (CBPP). At the end of fiscal year 1998, state balances totaled \$34 billion—less than half of the \$80 billion CBPP estimates states would need during a mild recession. Moreover, according to enacted 1999 budgets, states plan an additional \$4 billion cut in reserves to pay for tax cuts or spending initiatives not supported by current revenues. On average, states would need to more than double their reserves as a percentage of expenditures, from 8.5 percent to 18.6 percent, in order to maintain services without raising taxes during a downturn. Only eight states (Delaware, Indiana, Iowa, Maine, Massachusetts, Michigan, Minnesota, and North Dakota) appear to have adequate reserves, while 11 states (Idaho, Oregon, Texas, West Virginia, Wisconsin, Tennessee, South Dakota, Nevada, Utah, New Hampshire, and Georgia) would have shortfalls exceeding 20 percent of current outlays.

Microlending in the United States. Microlending began as a poverty-alleviation strategy in developing countries, as exemplified by the Grameen Bank in Bangladesh. In the United States it has also been used to help entrepreneurs of all incomes. At last count in 1996, there were about 200 microlending programs in the United States, up from only a handful in the mid-1980s. Loans generally range from \$500 to \$25,000 and are made for the business development of microenterprises—firms with fewer than five employees and generating less than \$250,000 in annual revenues. Many programs cater to already established businesses and emphasize credit rather than networking or training. Other programs focus on welfare-to-work clients and people in poverty and offer loans complemented by training, technical assistance, and support networks. Among the approximately 45,000 clients served by microlenders in 1996, 16 percent were low-income and 7 percent were welfare recipients. Funds for microlenders generally come from bank credit lines, government sources, and foundations.

Unequal Pay Strikes Out. Does unequal pay inspire greater individual effort and productivity or do large pay differentials generate dissatisfaction and poorer quality work? Research shows that both views may be valid, depending on the degree of inequality and the nature of the business and its workers. A new study from the field sheds some light on this topic for an organization where work interdependencies are important—major league baseball. Here unequal pay seems to hurt performance, according to a study of pay and performance data from 29 major league baseball teams between 1985 and 1993. The idea is not that the salary structure should not reflect quality differences among players. Indeed, the study found that higher pay was related to better performance. However, after adjusting for factors such as past performance, age, experience, and pay levels, the study found that unequal pay distributions translated into poorer statistics such as batting average or earned run average for lower paid players in a number of areas—and into lower standings for their teams.

INTERNATIONAL ROUNDUP

Nigeria Cozies up to the IMF. Nigerian President-elect Obasanjo has said he would be prepared to work toward an IMF-sponsored reform program but has emphasized the need for debt relief, according to recent press reports. Obasanjo, who has not yet indicated whether he will accept plans by the transition government to bring Nigeria back into the IMF fold, cut short a European tour to meet with IMF Director Camdessus in Nigeria. Camdessus praised the transition government's reform efforts and called for a growth strategy emphasizing good governance, economic liberalization (including privatization, deregulation, and openness), and macroeconomic stabilization. He acknowledged that the current global environment of reduced investor confidence and low oil prices was unfavorable, but found Nigeria's progress under existing informal IMF staff monitoring encouraging. The country has, however, wavered on monetary policy, the flexible exchange rate, and privatization, and the IMF is likely to raise these issues in its May review. A positive review could ultimately boost Nigeria's chances for debt relief.

The Autumn of the Oligarchs. The huge corporate alliances known as *keiretsu* that have long dominated Japan's economy may be in the process of slowly unraveling. A recent *Business Week* article detailed trouble at Mitsubishi, considered by many the mightiest of the *keiretsu*, where Mitsubishi Electric, Mitsubishi Chemical, and Mitsubishi Materials have recently suffered hundreds of millions of dollars in losses; Bank of Tokyo-Mitsubishi has had to scramble for capital from the alliance in order to avoid a government bailout; and Mitsubishi Motors may be looking for a foreign partner. Similar troubles have been reported at other *keiretsu*. For example, Nissan Motors, which is allied with the Fuyo *keiretsu*, may soon sell a substantial minority stake in its operations to Renault in order to reduce its \$21 billion debt load. In addition, some Japanese banks have begun to unwind some of their cross-shareholdings, the financial ties that bind together the *keiretsu*.

Re-Thinking CAP. In order to "support people rather than products," the EU Council of Agriculture Ministers has agreed on reform of the Common Agricultural Policy. The reforms would reduce intervention prices by up to 20 percent and increase direct lump-sum payments to producers. The result would be to make production choices responsive to world prices rather than domestic prices that are fixed by statute. Those who see the reforms as insufficient note that payments are not totally decoupled from production and that only minimal reforms were made in the dairy and beef sectors.

Do IMF Programs Impede Social Spending? Although IMF-supported programs typically require fiscal adjustment, a recent IMF study finds that education and health care expenditures continue to increase during such programs. However, the study of 145 developing and transition countries finds that these countries allocate a relatively large share of their education budget to post-secondary education, and an even larger part of health outlays to curative services. The report argues that a shift in resources toward primary education and basic health care would help the poor.

RELEASES THIS WEEK

Advance Durable Orders

Advance estimates for February show that new orders for durable goods fell 5.0 percent, following an increase of 3.3 percent in January.

MAJOR RELEASES NEXT WEEK

Consumer Confidence—Conference Board (Tuesday)
Gross Domestic Product (Wednesday)
NAPM Report on Business (Thursday)
Employment (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1998	1998:2	1998:3	1998:4
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	4.3	1.8	3.7	6.1
GDP chain-type price index	5.4	0.9	0.9	1.0	0.7
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	2.7	0.3	2.5	4.6
Real compensation per hour:					
Using CPI	0.6	2.5	2.2	2.3	1.7
Using NFB deflator	1.3	3.7	3.5	3.4	3.4
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	11.0	11.2	10.9	11.1
Residential investment	4.5	4.3	4.3	4.4	4.5
Exports	8.2	11.3	11.3	11.0	11.3
Imports	9.2	13.0	13.1	12.9	13.1
Personal saving	5.2	0.3	0.3	0.1	0.1
Federal surplus	-2.7	N.A.	0.9	1.1	N.A.
	1970- 1993	1998	Dec. 1998	Jan. 1999	Feb. 1999
Unemployment Rate (percent)	6.7**	4.5**	4.3	4.3	4.4
Payroll employment (thousands)					
increase per month			314	217	275
increase since Jan. 1993					18108
Inflation (percent per period)					
CPI	5.8	1.6	0.1	0.1	0.1
PPI-Finished goods	5.0	-0.1	0.4	0.5	-0.4

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

FINANCIAL STATISTICS

	1997	1998	Jan. 1999	Feb. 1999	March 25, 1999
Dow-Jones Industrial Average	7441	8626	9346	9323	9836
Interest Rates (percent per annum)					
3-month T-bill	5.06	4.78	4.34	4.44	4.39
10-year T-bond	6.35	5.26	4.72	5.00	5.21
Mortgage rate, 30-year fixed	7.60	6.94	6.79	6.81	6.98
Prime rate	8.44	8.35	7.75	7.75	7.75

INTERNATIONAL STATISTICS

Exchange Rates	Current level March 25, 1999	Percent Change from Week ago	Year ago
Euro (in U.S. dollars)	1.087	-1.1	N.A.
Yen (per U.S. dollar)	118.1	0.4	-8.3
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	95.24	0.3	-0.4

International Comparisons ^{1/}	Real GDP growth (percent change last 4 quarters)	Unemployment rate (percent)	CPI inflation (percent change in index last 12 months)
United States	4.3 (Q4)	4.4 (Feb)	1.6 (Feb)
Canada	2.8 (Q4)	7.8 (Jan)	0.6 (Jan)
Japan	-3.0 (Q4)	4.5 (Jan)	0.2 (Jan)
France	2.8 (Q4)	11.4 (Jan)	0.5 (Jan)
Germany	1.8 (Q4)	^{2/} 7.2 (Jan)	0.5 (Dec)
Italy	0.9 (Q4)	12.4 (Oct)	1.5 (Dec)
United Kingdom	1.0 (Q4)	6.2 (Nov)	2.5 (Jan)

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 January was 9.1 percent.

3-29-99

THE WHITE HOUSE
WASHINGTON

99 MAR 27 PM 12:05

March 27, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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pg 2:
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1. Education -- Ed-Flex Legislation: As a result of activity last week, we are now in a very strong position to ensure that the Republican amendment undermining your class size initiative is dropped from Ed-Flex legislation. Over 200 House members voted in favor of a motion to instruct conferees to drop this provision, and at least 35 Senators have signed a letter (not yet released) recommending that you veto the Ed-Flex bill if this provision remains in it. We are working with OMB on a letter to the Ed-Flex conference committee to convey a veto threat on the class size issue and express support for the strongest possible accountability provisions. As you know, we made good progress in both the House and the Senate on accountability; now our challenge is to combine these somewhat different accountability provisions to ensure that waivers are tied to gains in student achievement.

2. Education -- Charter Schools and Desegregation: We are working with the Education and Justice Departments on issues relating to the relationship between charter schools and desegregation orders. An op-ed by Clint Bolick in the Wall Street Journal this week attacked Bill Lann Lee for "waging a war" against charter schools because of his efforts to prevent proposed charter schools from changing the racial balance called for in existing desegregation orders. The op-ed made special reference to actions the Department has taken in Louisiana to block the creation of new charter schools and /or to insist that the schools or school boards involved take new steps to ensure continued racial balance in the community. The issues involved in these cases are very tricky. The Justice Department notes that new charter schools can undermine hard-won desegregation orders that ensure racial balance in school systems. Charter school advocates, on the other hand, argue that a rigid enforcement strategy in this area will prevent many communities -- including predominantly minority communities -- from gaining the benefits of charter schools. (The proposed charter schools involved in the Louisiana cases, for example, are in largely minority communities; Justice is fearful that these schools either will siphon white students from other schools in the system or will lead minority parents to take their children out of more integrated schools in the system to enroll them in the new charters.) The Education Department is now in the process of developing draft guidance on these issues.

3. Education -- Social Promotion Policy: We are attempting, though not with any great success, to make the civil rights community comfortable with your no-social-promotion policy. As currently drafted, your proposal would insist that states have plans to prevent social promotion

by requiring students to meet performance standards (as measured by multiple indicators, including a valid test) at three key transition points and providing qualified teachers and intensive support and intervention services for children in danger of failing. In a speech last week, Hugh Price called for postponing any no-social-promotion policies until states could prove that they are providing equal educational opportunities to all students. Wade Henderson and several other civil rights leaders expressed similar views to us yesterday, complaining in particular that our rhetoric on social promotion lends itself to being appropriated and misused by people who share none of our interest in giving children the tools they need to meet high standards. We are continuing to explore ways of responding to the civil rights community's concern on this issue, including by incorporating measures that the National Council of La Raza proposed to strengthen Governor Bush's social promotion legislation. These ideas focus principally on staging the various timetables in the bill and insisting on independent assessments of the adequacy of support and intervention services. We are not terribly hopeful, however, that these ideas will convince the civil rights community to support this aspect of our ESEA proposal (they strongly support the other accountability measures in the bill), and at some point futile attempts to win this support may become counterproductive.

4. Education -- Detroit School Reform: Governor Engler is expected to sign a bill today to give Mayor Archer authority to oust the existing locally-elected school board and replace it with a new "reform board" made up of six of the Mayor's appointees plus the State Superintendent -- effectively giving Archer the same kind of power over the Detroit school system that Mayor Daley has in Chicago. The reform board will run the city's schools for five years, after which Detroit residents will vote on whether to keep it. Earlier versions of the proposal would have given effective control of the board to Engler rather than Archer, provoking general outrage among Detroit residents. Even as enacted, the bill remains controversial, although Archer strongly supports it.

5. Children and Families -- Child Care: The Senate last week passed an amendment to the Republican budget resolution increasing mandatory funding for the child care block grant by \$5 billion over five years and \$10 billion over ten years, with a corresponding decrease in any proposed tax cut. This action represents a significant step forward for your proposal to boost child care subsidies for low-income families (funded in your budget at \$7.5 billion over five years). The amendment, pushed hard by Senator Dodd with the help of Senator Jeffords, also includes a non-binding provision stating that tax relief for child care (through, for example, expansion of the Child and Dependent Care Tax Credit), should benefit all working families (presumably by making the credit refundable) as well as assist stay-at-home parents who care for an infant. Twelve Republicans -- Senators Abraham, Campbell, Chafee, Collins, Dewine, Frist, Hatch, Jeffords, Roberts, Snowe, Specter, and Warner -- voted with all Democrats to pass the amendment. The challenge now will be to ensure that the conference committee on the budget resolution retains this provision. We are looking for ways for you, the Vice President, and/or the First Lady to highlight this issue as the conference committee begins to meet.

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6. Health Care – Medicare Reform: We and the NEC are developing options for the new Medicare plan that you recently promised, taking into account both new projections on solvency and political demands from Democrats in the House and Senate. As you know, we expect the Medicare trustees to project on Tuesday that the fund will remain solvent beyond 2008 (perhaps until 2015 or so) as a result of increased revenues and curbed spending. These new projections will diminish the urgency of using the surplus to extend solvency; they also will make legislators in both parties reluctant to support additional provider cuts, as providers will argue that they already have made a major contribution to the health of the trust fund. (An AARP letter issued yesterday praised the Republican budget proposal for, among other things, not proposing such cuts.) Without significant provider cuts as offsets and with the near-term solvency of the program apparently assured, proponents of a generous prescription drug benefit will gravitate toward using more and more of the surplus for this purpose. One of the questions we will have to answer in developing our new Medicare plan is whether (and, if so, by how much) we want to fund a drug benefit through the surplus.

More generally, we were reminded this week that we will have to navigate some treacherous political shoals in putting together a plan. While Senator Daschle made it clear that Senate Democrats need a credible plan as soon as possible, Congressmen Gephardt, Dingell, Stark, and McDermott made it equally clear that they have no use for an alternative plan and wished we had not agreed to do one. We will be pushed from the Senate side to include serious reforms in our plans, while being pushed from the House side to abjure such reform proposals. The challenge will be to balance the need to offer credible reforms with the need to keep base Democrats on board our proposal.

7. Health Care – Organ Donation: Organ donation rates increased by six percent last year -- a big improvement from the one percent increases we saw in the previous two years. The jump is attributable in part to our new regulation on the issue; it is also attributable to recent media attention given to public figures needing organ transplants, such as retired NFL football star Walter Payton. The organ donation advocacy community would like you to highlight this issue sometime soon. If you are interested, we could put together an event at which you could announce a \$5 million grant program to increase organ donations, as well as some major private-sector commitments from the AFL-CIO, UAW, Aetna Health Plans, and Kaiser Permanente.

8. Health Care – Physical Restraints in Institutional Settings: In the wake of a new legislative proposal, we are preparing administrative action to prevent the inappropriate use of physical restraints in institutional settings. Senators Lieberman and Dodd announced on Thursday that they will introduce a Freedom From Restraint Act to prohibit hospitals and mental health facilities participating in the Medicare or Medicaid program from using physical restraints on patients except when necessary to ensure the physical safety of the patient or other patients and upon the written order of a physician. Dodd and Lieberman began working on this legislation after reports last fall that several mentally ill children in psychiatric institutions in Connecticut died as a result of the improper use of restraints by facility staff. Similar abuses have occurred in other parts of the nation. While expressing support for the Dodd-Lieberman bill, we are also

directing HHS to expedite a regulation that will go a long way toward achieving the statute's objective. The regulation will prevent the improper use of physical restraints in all facilities covered by the Dodd-Lieberman bill except hospices and residential care facilities for children. (Applying protections in these excepted facilities does require new statutory authority.) If you are interested, you can announce release of this regulation when it becomes final in the summer.

9. Tobacco – Medicaid Recoupment: As you know, the conference committee on the supplemental bill will include a battle over Senator Hutchison's provision to waive all federal claims to tobacco settlement money. Assuming the whole bill does not simply die, House conferees will be inclined to keep this rider off the bill, while Senate conferees will point to the overwhelming vote in the Senate and insist on its inclusion. We can expect the Governors to weigh in heavily with the House leadership and conferees during the recess. Public health advocates are going to attempt to use the recess to urge elimination of the Hutchison provision, but we doubt they will be particularly effectual. In the meantime, Congressmen Waxman, Dingell, Rangel, and John Lewis introduced a bill last week requiring the expenditure of 25 percent of tobacco settlement funds on tobacco control and farmers (with a portion of this money going to a federal fund for a national education campaign and prevention efforts targeted at minority smokers) and another 25 percent on other public health activities. The bill also would require tobacco product manufacturers to purchase a set amount of domestically grown tobacco each year. Our best hope on this issue is still to get the Hutchison provision stripped from the supplemental and then to go back to the governors and persuade them that in the absence of any other obvious vehicle for this provision, their best interest lies in reaching an agreement.

10. Tobacco – Florida Teen Smoking: Cigarette smoking in Florida declined in every grade since the state began its anti-smoking campaign last year, according to a study released last week. The state-sponsored survey found cigarette use declined 19 percent among middle school students and 8 percent among high schoolers. Florida spent \$71 million of its tobacco settlement dollars on this campaign last year (about 13 percent of the total), one-third on a counteradvertising campaign and the rest on community and school based programs. Nine out of ten youth surveyed were aware of the state's counteradvertisements, which the CDC has made available to other states. Notwithstanding the program's success, funding for it will go down next year: the Governor's budget requested \$61.5 million for the program, but the Republican House appropriated no funds and the Democratic Senate included \$50 million.

11. Welfare Reform – Urban Caseloads: You recently asked us whether we could do more to strengthen welfare-to-work efforts in cities with relatively small caseload declines. Two new initiatives will help to do so. First, the Department of Labor just launched a two-year technical assistance initiative to help ten large cities (Boston, Houston, Detroit, Philadelphia, Chicago, Los Angeles, New York, Seattle, New Orleans, and Minneapolis) to develop strategies to move hard-to-employ welfare recipients into good jobs; the initiative will promote close coordination between the welfare and workforce systems and emphasize job retention and advancement. Second, the Welfare to Work Partnership is starting a targeted effort in 30 cities

with high poverty rates and large concentrations of welfare recipients, including Atlanta, Baltimore, Chicago, Los Angeles, Miami, New Orleans, New York, Philadelphia, and Washington, D.C. The Partnership will hold a major convention in Chicago this summer for delegations from these cities, and Eli would very much like you to participate.

You also asked whether the slower rate of caseload decline in some cities is related to unemployment. In general, cities with slower rates of caseload decline did have higher unemployment rates. For example, El Paso, Los Angeles, New York, and Philadelphia had the slowest caseload declines and three of the four had central city unemployment rates above 7 percent -- compared to the national average of 4.5 percent -- when the caseload decline was measured. (The fourth city, Philadelphia, had an unemployment rate of 5.9 percent.) The correlation, however, is by no means perfect; for example, Baltimore and Cleveland also had high unemployment, but significantly larger caseload declines.

12. Welfare Reform -- Economist Article: We thought you might like to see the attached Economist article highlighting the Welfare to Work Partnership's success and chronicling the progress of welfare reform.

by requiring students to meet performance standards (as measured by multiple indicators, including a valid test) at three key transition points and providing qualified teachers and intensive support and intervention services for children in danger of failing. In a speech last week, Hugh Price called for postponing any no-social-promotion policies until states could prove that they are providing equal educational opportunities to all students. Wade Henderson and several other civil rights leaders expressed similar views to us yesterday, complaining in particular that our rhetoric on social promotion lends itself to being appropriated and misused by people who share none of our interest in giving children the tools they need to meet high standards. We are continuing to explore ways of responding to the civil rights community's concern on this issue, including by incorporating measures that the National Council of La Raza proposed to strengthen Governor Bush's social promotion legislation. These ideas focus principally on staging the various timetables in the bill and insisting on independent assessments of the adequacy of support and intervention services. We are not terribly hopeful, however, that these ideas will convince the civil rights community to support this aspect of our ESEA proposal (they strongly support the other accountability measures in the bill), and at some point futile attempts to win this support may become counterproductive.

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THE WHITE HOUSE

WASHINGTON

March 26, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORT

cc: JOHN PODESTA

Steel Update: On Thursday (3/25) the Commerce Department issued February preliminary steel import numbers that show that total steel imports in February were 45 percent below November 1998 levels -- and reached the second lowest monthly level since April 1996. Imports of hot-rolled steel have dropped 81 percent since November. We have continued to work to ensure the positive trends of the past three months were sustained. Our strategy focused on Japan, Russia, and Korea, which together accounted for 80 percent of the surge in steel imports last year. In addition we are working with Senate Finance and House Ways and Means both majority and minorities to develop section 201 legislation we can recommend that you sign. We are also working closely with the Senate Finance and Appropriations Committee to ensure the defeat of the Visclosky quota bill in the Senate. You should know that at Tuesday's (3/23), Senate Finance Hearing on the Visclosky steel quota bill there was little support other than Senator Rockefeller, although some Senator's were sympathetic. The Visclosky bill has been placed on floor calendar but it is uncertain when it will be taken up. Senator Lott's position remains unknown.

EU Aircraft Noise Standard: It appears that the EU Council will agree on Monday (3/29) to delay its scheduled approval of an aircraft noise regulation that has brought us to the brink of another major trade dispute with Europe. During the delay, we will negotiate with the EU possible ways to mitigate the harm to U.S. industry, even as we continue trying to build support for complete repeal of the regulation, which is inconsistent with internationally accepted aircraft noise standards. Secretary Slater spent most of the week in Europe meeting with senior transportation officials on this issue, and he deserves a great deal of the credit for getting the delay. The NEC-led interagency group has worked closely with Slater and his team all week, kept industry briefed, and laid the groundwork for some steps agencies can take on Monday to show strength in the event the EU Council approves the regulation. The head of the international group that sets aircraft standards just issued a letter critical of the EU, and there appears to be a growing realization in the EU that they have made a mistake. Thus, we believe time is on our side.

Standards for Third-Generation Cell Phones: Another looming trade dispute with the EU -- over technical standards for third-generation wireless technology (mostly cell phones) -- appears to be over. On Thursday (3/25), Sweden's Ericsson and San Diego-based Qualcomm announced a major agreement to share intellectual property rights; in addition, Ericsson plans to buy a portion of Qualcomm's business. This dispute began when the EU mandated a single standard for future cell phones that would have kept major U.S. manufacturers out of its market. We spoke out forcefully against this, and in December sent a letter to the EU from Secretaries Albright and Daley, Ambassador Barshefsky and Chairman Kennard. Qualcomm believes that letter persuaded Ericsson to come to the table. The NEC, working closely with USTR, has coordinated the interagency effort on this complex issue.

Brazil: You should know that the outlook for Brazil continued to improve this week. In the wake of final passage by the Brazilian Congress of the financial transactions tax, lower than expected inflation figures for February, and a continued rise in signs of investor confidence, the Brazilian Central Bank lowered the benchmark interest rate from 45% to 42%. Also this past week the Central Bank sold its first fixed rate bonds in the domestic market in nine months, easing concerns about its ability to roll over the large stock of maturing debt. The *real* continued to strengthen, trading on Friday in the 1.77 range, and the equity markets reached an eight month high.

Consolidated Financial Statements: Next Wednesday (3/31) the consolidated financial statement of the US will be released. The NEC has been working with officials from Treasury and OMB to coordinate the release of comprehensive FY98 financial statements for the 24 largest agencies and for the Government as a whole, as required by the Government Management Reform Act of 1994. These statements are based upon accounting standards that were recommended by the Federal Accounting Standards Advisory Board (FASAB) and have been audited by the General Accounting Office (GAO). Although there has been some progress since last year (more agencies received unqualified financial opinions in FY98 than in FY97), GAO will report that many agencies still have accounting problems. In addition, there are a few issues that could cause confusion on Capitol Hill and with the public if not presented in the right way. For example, because the statements are based upon accrual accounting rather than the cash accounting used for the normal budget balance, they show a budget deficit in FY98 (due primarily to a number of one-time charges such as re-estimates of future veterans' benefits). Treasury and OMB are working with GAO to try to ensure that these issues are presented fairly.

Consumer Financial Privacy and Protection Initiative: You were scheduled to unveil last Thursday (3/35) a package that has over 20 specific proposals organized around five themes: privacy, right-to-know (disclosure), protection from abuse, access to services, and financial education of consumer protection legislative proposals and executive actions, but the event was postponed due to events in Kosovo. We hope to reschedule the event for immediately after Congress returns from recess, as many members want to participate -- especially Senator Sarbanes and Representative LaFalce, the ranking Democrats on the banking committees. The

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privacy and credit card provisions will get the most attention, as those areas are the subject of heated debates in Financial Modernization and Bankruptcy legislation. Republicans will argue that we are raising the bar and that the announcement is an indication that we do not want to see these pro-business bills passed. Your response is ready: we support balanced Financial Modernization (the Leach/LaFalce bill in the House and the Sarbanes alternative in the Senate) and Bankruptcy (last year's Senate bill) and continue to do so, although those bills only contain a small fraction of the proposals in this initiative. The test for those bills is balance. We do hope Congress will address all these specific areas of concern at an appropriate time.

Y2K Liability Legislation: You should know that the Senate Judiciary Committee reported out the Hatch-Feinstein bill (the industry drafted bill with some minor changes) with only Senator Feinstein joining the Republicans to vote for the bill. Senate Hatch acknowledged that further discussion with the Democrats would be necessary before the bill could be brought to the floor. Next week, we will share with Senators Leahy and Dodd and others our ideas for a minimalist alternative that we could support.

Electricity Restructuring: As you know, last year we sent an electricity restructuring bill to Congress which was projected to generate economic savings of \$20 billion annually and reduce carbon emissions by 25-40 million tons. Despite this, Congress did not act on the bill. However, last December Secretary Richardson and I decided to re-evaluate the bill through an NEC-led interagency process. After three months of inter-agency review, we have finally reached agreement on what this new bill should include and we will submit the bill to Congress immediately upon its return from its current recess. Before we submit the bill, I will get you a memo outlining the key provisions of the bill.

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soon it will be too
late

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

March 26, 1999

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MEMORANDUM FOR THE PRESIDENT

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

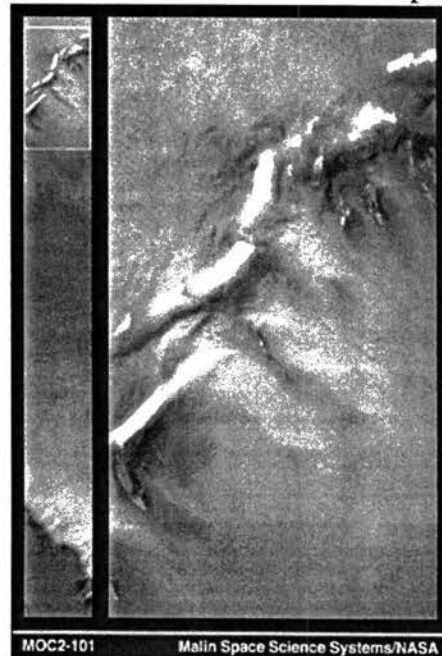
Criminalization of BW Agent Possession: Handle with Care

I have been working with HHS, Justice, and NSC on draft legislation, currently part of the Administration's proposed crime bill, to close a big loophole in current law: namely, current law does not ban the illegitimate possession of dangerous biological agents. We must fill this gap in a way that does not disrupt the research communities' ability to develop the new diagnostics, therapeutics, and vaccines that you have called for. Therefore, we need to craft this legislation in collaboration with the biomedical research community, rather than presenting it as a *fait accompli*. To date, all discussions to date on this issue have been kept within the government. Donna Shalala has called me to express her deep concern that this legislation will impose onerous, and potentially crippling, burdens on research institutions. I recognize the value in being able to tell the American people that we have closed this loophole -- but given the stakes involved, I believe we should not send these provisions to the Hill before discussing this issue with the research community. I am suggesting to the Attorney General and Bruce Reed that we pull this provision from the Crime Bill for now and send the provision up in 60 days, after we have engaged the research community.

Mars Global Surveyor Photographs Martian Snow

The Mars Orbiter Camera recently photographed patches of frost or snow on a small impact crater in the Martian northern plains. The picture on the right is a magnified view of the crater rim. The bright patches are snow or frost left over from July 1998. These snow fields are so small that a human could walk across one of them in a matter of minutes, or perhaps sled down the small, sloping patch that is seen in a shadowed area near the lower left. In winter, the entire scene shown here would be covered by frost. The long strip at the left covers an area 1.9 miles wide by 16 miles long. The expanded view on the right covers an area 1.8 miles by 3.3 miles.

The Mars Global Surveyor is one of a series of "faster, better, cheaper" robotic missions to Mars that NASA Administrator Dan Goldin has implemented as part of your 1996 National Space Policy.



MOC2-101

Malin Space Science Systems/NASA

Meetings with Russian Science Minister

I met with the Russian Minister of Science and Technologies, Mikhail Kirpichnikov, last week before the formal Gore-Primakov Commission meetings were postponed. We discussed ways to strengthen Russia's non-weapons science base and promote economic development through the commercialization of technologies. We agreed to join forces to detect and prevent infectious diseases, develop biochip technology, and gain a better understanding of climate change. We also signed a formal agreement on seismology, which will improve long-term forecasting of seismic activity and improve public safety.

OSTP Appropriations Hearings

On Tuesday (3/23) and Wednesday (3/24) of this week I testified before the House and Senate VA/HUD & Independent Agencies Subcommittees on Appropriations. I used the opportunity to highlight your Information Technology for the 21st Century Initiative, which received warm praise from Senator Mikulski and Representative Mollohan.

During the Senate hearing, Senator Mikulski used her time to warn about the dangers of allowing federal biomedical research to continue to outpace other research fields. She praised your commitment to a balanced portfolio, and asked that I work with her to help educate members of Congress that advances in the biomedical field are dependent on advances in other fields such as physics, engineering, and computer science. Mikulski also called for a "Millennium Agenda" that would be used to highlight the success of past Federal investments in science and technology. She was pleased when I informed her that I was currently working with your Committee of Advisors on Science and Technology to develop a list of those highlights.

Gergen Editorial Argues for Increased Investments in R&D

An editorial written by David Gergen in this week's edition of the *U.S. News and World Report* (see attached) discusses the latest report issued by the Council on Competitiveness, which showed that the U.S. is falling behind in the "innovation index." The index is based on: total R&D personnel, total R&D investment, the percentage of R&D funded by private industry, the percentage of R&D performed by the university sector, spending on higher education, the strength of intellectual property protection, openness to international competition and the nation's per capita GDP. Gergen goes on to cite the internet, electronic commerce, and biotechnology as examples of the "research seeds. . . that were planted 20 years ago." He then argues for a broad national consensus in favor of scientific and technological achievement, and for increased investments in R&D.

Senator Wellstone Introduces Bill that Would Eliminate Space Station

On March 15 Senator Paul Wellstone (D-MN) introduced S. 616, a bill calling for \$62.5 billion to provide more affordability for families wanting to enroll their children in child care programs, and to improve the quality of child care. Unfortunately, the bill lists terminating the participation of the United States in the International Space Station (ISS) as an offset. We will continue to monitor the legislation, and if necessary, will work to remove the ISS provision from the bill.



MOC2-101

Malin Space Science Systems/NASA

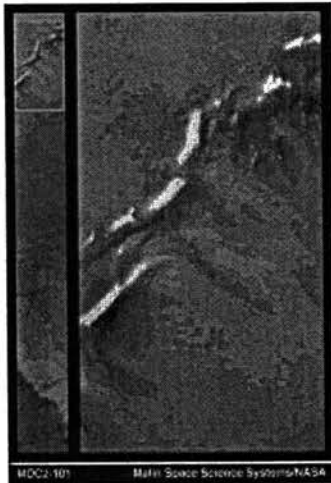


Image Title: **Patches of Remnant Frost/Snow on Crater Rim in Northern Summer**

Catalog #: **PIA01688**

Target Name: **Mars**

Is a satellite of: **Sol (our Sun)**

Mission: **Mars Global Surveyor**

Spacecraft: **Mars Global Surveyor Orbiter**

Instrument: **Mars Orbiter Camera**

Product Size: **914 samples x 1343 lines**

Produced By: **Malin Space Science Systems**

Creation Date: **1999-03-24**

Primary Data Set: **MGS EDRs**

Full-Res TIFF: **PIA01688.tif (579 kbytes)**

Click on the image to download in format (may be reduced in size for conversion).
For additional downloading options, please click [here](#):

Original Caption Released with Image:

March 1999--it is summer in the martian northern hemisphere, yet patches of frost or snow persist in some areas of the northern plains. Winter ended eight months earlier, in July 1998. Recently, the Mars Orbiter Camera (MOC) passed over a relatively small impact crater located at latitude 68°N (on the Vastitas Borealis plain, north of Utopia Planitia) and took the picture seen at the left, above. The curved crater rims are visible in the upper and lower quarters of the image, and the crater floor is visible at the center right.

The picture on the right is a magnified view of the crater rim area outlined by a white box in the image on the left. The bright patches are snow or frost left over from the martian winter. These snow fields are so small that a human could walk across one of them in a matter of minutes--or perhaps sled down the small, sloping patch that is seen in a shadowed area near the lower left.

In winter, the entire scene shown here would be covered by frost. The long strip at the left covers an area 3 km (1.9 mi) wide by 26 km (16 mi) long. The expanded view on the right covers an area 2.9 km (1.8 mi) by 5.3 km (3.3 mi). Illumination is from the upper right.

Malin Space Science Systems and the California Institute of Technology built the MOC using spare hardware from the Mars Observer mission. MSSS operates the camera from its facilities in San Diego, CA. The Jet Propulsion Laboratory's Mars Surveyor Operations Project operates the Mars Global Surveyor spacecraft with its industrial partner, Lockheed Martin Astronautics, from facilities in Pasadena, CA and Denver, CO.

BY DAVID GERGEN / EDITOR AT LARGE



No time for complacency

The U.S. economy leads the world, but its foundations are rusting

How long will America stand astride the world like a colossus? Current economic conditions suggest it could easily remain pre-eminent well into the next century and may even gain in relative strength. But some prominent experts warn that now is not the time for complacency, and they deserve more attention than they are getting.

The United States today is an island of prosperity in a sea of economic troubles engulfing other nations. Even though the introduction of the euro has brought fresh confidence to Europe, unemployment in Germany and France remains two to three times the level here. While the economic crisis may have bottomed out in parts of East Asia, Japan is still struggling with the worst economic problems it has experienced since World War II.

America, by contrast, has had two decades of almost unbroken growth. Since the early 1980s, it has not only produced nearly 38 million jobs—far more than in Europe and Japan *combined*—but also has created cutting-edge industries that are churning out astonishing wealth. Its largest three computer and software companies are worth more than all U.S. companies in the steel, auto, aerospace, chemical, and plastics industries *combined*.

Of the 225 richest people on earth, 60 are thought to be Americans, far more than in any other nation. One estimate puts Bill Gates's personal wealth at \$51 billion, more than the accumulated net worth of the lowest 40 percent of the U.S. population *combined*—that's right, one man is now worth more than 100 million other Americans.

Growth engine. At a gathering this month in Washington of the Trilateral Commission, visitors from Europe and Asia acknowledged that our economy is the single engine pulling the world forward. They do not see that as an unmixed blessing. Congress strikes them as extraordinarily provincial and inward-looking, and they complain that the United States is becoming too paranoid about China. "If we can live peacefully with China," say East

Asians, "why can't you?" Good question. Even so, the Asians and Europeans are now rushing to embrace the enterprise culture they see here.

But a new report issued by a group of high-powered leaders, the Council on Competitiveness, sends a sobering message. Its study, based upon research by Michael Porter of the Harvard Business School and Scott Stern of MIT, says we "may be living off historical assets that are not being renewed." The research seeds for the Internet, electronic commerce, and biotechnology were planted

20 years ago. Since the mid-1980s, investment in the fundamentals of innovative capacity has actually been flat or falling.

At the top of the council's concerns is "a serious weakening of the nation's available scientific and technical work force." Graduate school populations in engineering and the physical sciences, even in computer sciences, are static or declining, and international students who have been an essential part of those groups are going home in

growing numbers. As if that weren't enough, "the federal government has disinvested in all forms of research and development." While Washington is starting to wake up, it has not yet reversed a slippage of 26 percent, relative to GDP, in federal research and development between 1990 and 1997.

What to do? The council urges that we rebuild a broad national consensus in favor of scientific and technological achievement, a consensus that dissolved after the end of the cold war. It also sets forward a five-part strategy to carry out the mission, including more investment in R&D, a replenishment of the national talent pool, improving intellectual-property protections, opening more markets, and clearing away the regulatory bog that is once again growing in cost and inefficiency.

These are wise recommendations from dozens of men and women who guide some of the nation's finest companies and universities. So far, their voices are barely heard in the media din of today. George W., are you listening? Al? Elizabeth? Bill? Anybody? ■

Are Americans
currently living off
investments in
innovation made two
decades ago?

3-29-99

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THE WHITE HOUSE
WASHINGTON

March 26, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: LORETTA UCELLI
STACIE SPECTOR

SUBJECT: COMMUNICATIONS WEEKLY REPORT

*Both per
being copy for*

Message Amplification and Planning

Budget

We are coordinating an overall budget communications plan with Outreach Offices, the Press Office, Cabinet Agencies and Legislative Affairs which will be implemented during the Congressional Recess. In addition to highlighting the need to take concrete steps to save Social Security and Medicare, beginning Monday, we will focus on strategies to amplify the discretionary cuts in the Republican Budget.

The background materials distributed to amplify the budget message, that were produced by OMB and NEC, include: an overall summary of cuts in the budget, one-pagers on education, our urban agenda, the environment, and talking points on Social Security, Medicare and discretionary cuts. In addition, we distributed two strong editorials from *The Washington Post* and *The New York Times* as well as your statement on the Congressional budget vote. Outreach Offices have distributed them to their constituencies and networks.

Legislative Affairs is tracking the activities of Members who are hosting events in their districts during the recess. We have provided them with amplification materials which are being distributed to the House and Senate for their use in their districts to use during their recess.

Cabinet Affairs is working with Cabinet Secretaries and Agencies to issue statements on discretionary cuts that affect their specific issue area. We are encouraging them to make regional press calls, and work with their regional representatives at the state and local levels. We have participated in several conference calls with the Deputy Chiefs of Staff, Communications Directors for the Agencies and Regional Administrators to brief them on our overall message.

IGA has provided Mayors with all the information on discretionary cuts, Social Security and Medicare. They are working on regional op-e's and will attend local events with Congressional members next week. The following cities have begun working on the budget message: Des Moines, New Orleans, Salt Lake City, Boston, San Francisco, Houston, Detroit, Seattle, Chicago, Atlanta, Miami (Dade County), Denver, Baltimore, Philadelphia, Minneapolis, St. Louis and Cleveland.

OPL is briefing constituency group leaders who may issue statements on Monday and are working on regional and national op-e's next week to focus on: education, housing, economic development and health care.

The Press Office has a program they are implementing that compliments and facilitates much of the work being done by other White House Offices including organizing regional round tables, pundit outreach, and coordinating with Cabinet agencies on their press strategies.

NATO

We have been working with the NATO Committee on coordinating communication activities and the 50th Anniversary Commemoration Event.

CENSUS

We are working with the Chief of Staff's Office to produce census materials for IGA to distribute to Mayors and local elected officials as well as drafting a presidential directive for release at a census event. We also are working with Cabinet Affairs to encourage the Cabinet Secretaries' participation in events marking that we are one year out from Census Day, April 1, 2000.

AFSCME

We worked closely with OPL to amplify your AFSCME speech to key networks with particular emphasis on labor, NATO, Kosovo, and your reference to the Hate Crimes Prevention Act and ENDA. To emphasize Hate Crimes and ENDA, materials were distributed to 1,000 African American organizations, 1,500 gay and lesbian leaders and members of the specialty press, and the Hill.

Web Site

A member of our web-site team met with a representative from the office of Prime Minister Obuchi. The Prime Minister's office is interested in how the White House uses the Web as a medium for communicating messages to the public and is looking to highlight your upcoming visit with Prime Minister Obuchi in May.

3-29-99

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THE WHITE HOUSE
WASHINGTON

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March 26, 1999

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARY BETH CAHILL

SUBJECT: OFFICE OF PUBLIC LIAISON WEEKLY REPORT (March 19-26)

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

HATE CRIMES

Hate Web sites. The Simon Wiesenthal Center has released a new report listing 1,426 Internet sites promoting racism, anti-Semitism, hate music, neo-Nazis and bomb-making. Also listed are anti-gay, anti-Catholic, anti-Muslim and pro-violence anti-abortion Web addresses.

SOCIAL SECURITY

AARP sends strong message to House Speaker. AARP sent the Speaker a letter saying "it is important to protect Social Security's growing reserves and we are pleased that the House Budget Resolution provides that protection." They are pleased that the Resolution does not call for reconciliation in the Medicare program. They conclude that, "AARP is committed to working with the House on a bipartisan basis to achieve a Budget Resolution that takes advantage of the opportunities that come from a surplus."

OLDER AMERICANS ACT AND LONG TERM CARE

Groups are developing a strong media message on reauthorizing the Older American's Act. They are pleased that the Vice President will talk about long term care and caregiving at Friday's New Hampshire event. Many groups say this is their best chance to get both the Older American's Act and Long Term Care legislation passed.

PATIENTS BILL OF RIGHTS

The Patients Bill of Rights Coalition has launched a nationwide petition to enact legislation. They also sent letters to House and Senate Members urging them to support a managed care reform bill.

CONSTITUENT OUTREACH AND OTHER ISSUES

AFRICAN AMERICAN OUTREACH

Hugh Price, Kweisi Mfume, and Wade Henderson praise your work for Police Integrity. They are drafting a letter of thanks, in which they will very likely request that you include provision for a statistical analysis of law enforcement officers making traffic stops.

National Black Child Development Institute questions how Ed-Flex will effect poor kids. The Institute released a position paper stating that Ed-Flex sets a dangerous precedent for block granting Title I of the Elementary and Secondary Education Act. They believe that block granting dilutes targeted federal funding and accountability for educational outcomes.

ASIAN PACIFIC AMERICAN OUTREACH

Asian Americans report growing concern about the Chinese espionage issue. They want the Administration to highlight the dangers of stereotyping and make the distinction between the alleged actions of a few individuals and the good citizenship of the vast majority of Americans of Asian descent. Asian American leadership is also concerned that it could jeopardize Bill Lann Lee's hearing.

BUSINESS OUTREACH

Businesses appreciate our engaging them on Mexican certification. OPL hosted the second in a series of meetings to inform and update the community on the progress the Administration has made toward Mexican certification. Given how failure to certify Mexico will affect American business investments in Mexico, the business community has encouraged the Administration to periodically host meetings and continue to engage them.

DC Business Representatives raise concerns about China's accession to the WTO. OPL hosted a meeting for DC Business Representatives with Chuck Brain. The representatives report that there is discussion within the community fueling the suspicion that the Administration has already agreed to "lower the bar" for China's accession into the WTO. The Business Roundtable sent you a letter on March 25 giving their support for China's accession if the agreement is commercially viable. OPL and NEC have been working with the business community to assuage concerns, and will host a large briefing for the business community prior to Premier Zhu's visit. Also, representatives in banking and insurance are extremely interested in the pending announcement of the Consumer Financial "Right-to-Know" initiative and the impact it will have on HR10 and bankruptcy legislation. Other representatives report that the House GOP is putting immense pressure on the lobbying community to support the Republican budget plan.

ETHNIC OUTREACH

Ethnic groups persuaded by AFSCME. Many ethnic leaders who were opposed to ending

Kosovo conflict militarily changed their mind after hearing your AFSCME speech on Tuesday. Albanian leaders have stated their appreciation for military action in limiting Mislovech's military forces. Serbian American leaders are empathetic about your decision.

GAY AND LESBIAN OUTREACH

Bush opposes inclusion of gays in right-to-adopt and hate crimes legislation. At a press conference on the same day as Bush's announcement, Judy Shepard (mother of Matthew Shepard) and Darrell Verrett (nephew of James Byrd Jr.) announced their support for federal and state hate crimes legislation. In New Hampshire, one of only two states where adoption by gays is not permitted, the House voted overwhelmingly Thursday to end an 11-year ban on homosexuals becoming foster or adoptive parents. And in Maryland, the House of Delegates voted 80 to 56 Wednesday in favor of legislation pushed by the governor, which prohibits discrimination in employment, housing, and public accommodations based on sexual orientation.

HISPANIC OUTREACH

Cuban American groups raise concern about human rights violations in Cuba.

In a meeting with OPL, St. Thomas University Human Rights Institute and other Cuban American human rights advocates, requested that you support any resolution brought forth by a participating nation in the upcoming Geneva convention. Their main concern is that the current Cuban conflict is perceived to be between the US and Cuban governments rather than between the Cuban government and the Cuban people. To end human rights violations in Cuba, this misconception must be remedied. The advocates believe the best strategy to change public perceptions is for the U.S. to support another nation's resolution, which other nations will then endorse.

OPL hosts partners for Central American disaster relief. OPL arranged a briefing on the status of your relief proposal for the relief partnership comprised of United Way, American Airlines, the Salvadoran American Health Foundation and WPLG/TV 10. They are very supportive of your Central American Relief package.

OPL and DPC meet with Central American advocates pushing for NACARA regulations. They thanked us for your efforts and reiterated the urgency for many immigrants face imminent deportation. In addition to the administration solution, advocates request that you continue to pursue a legislative solution for immigrants ineligible under the upcoming NACARA regulations.

JEWISH OUTREACH

Pollard meeting denied. As reported in the Jewish media, Charles Ruff denied a request from Jewish organizations to meet with them regarding the Jonathan Pollard case. Instead he asked that they submit their input in writing.

Senate hearings call on DOJ and State to work harder to extradite and try Palestinian terrorists suspected of killing Americans. Relatives of American victims of terrorist attacks testified before the Senate Foreign Operations subcommittee to ask Senators to step up their efforts to bring Palestinian terrorists to justice in America.

Jewish groups support Kosovo strikes. Numerous Jewish organizations have expressed their support for NATO airstrikes against Serbian aggressors in Kosovo.

RELIGIOUS OUTREACH

Campbell hangs on for one more year: Although Dr. Joan Brown Campbell will complete her four-year term as General Secretary of NCC at the end of this year, she will continue through 2000. Board members had assumed that because of her age, she would retire. However, at their fall 1998 meeting, she indicated she would like to be considered for another full term. There was opposition to that, but with no search committee in place and no obvious candidate, they extended her tenure for one year. The board then proceeded to restructure her office, which essentially removed her financial responsibilities. NCC is rumored to be in serious debt.

Mixed reactions from faith-based groups on Kosovo: Statements from the US Catholic Conference and the Presbyterian Church/USA recognize the difficult moral and policy questions regarding Yugoslavia. Both are concerned about ethnic cleansing and about the bombing campaign. Both offer prayers for those involved and for a just resolution. The Kosovo Task Force, USA, a coalition of 16 national and regional Muslim organizations, strongly supports the bombing campaign. In contrast, the Mennonite Central Committee questions "introducing more violence to make a bad situation better."

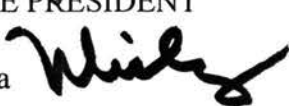
WOMEN'S OFFICE OUTREACH

OPL engages women's groups from the Balkans. In an unusual coincidence, Jenny Luray met on Wednesday with 25 prominent women leaders from Croatia and the Federal Republic of Yugoslavia, including members of the Serbian opposition party. The women are in the United States for a month-long leadership and political training program organized by Lael Stegall of the STAR Network of World Learning. USIA was also present at the meeting which was intended to be a discussion about how the U.S. government works with women's organizations. Given the events of the day, however, participants shared their thoughts about the NATO action. A number of them stated that while the NATO presence was extremely necessary, they had misgivings about the air strikes. Jenny expressed your enormous sense of responsibility in bringing peace and stability to the region. Many of these women will play important roles in the rebuilding of civil society in the Balkans.

THE WHITE HOUSE
WASHINGTONcopied
Ibarra
Podesta

March 26, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra 

SUBJECT: Office of Intergovernmental Affairs Weekly Report - March 22-26, 1999

FY 2000 Budget Outreach

- As part of our effort to build support for our budget, we sent material highlighting the impact of GOP budget proposals to approximately 650 elected officials across the country, and we are contacting key officials to urge them to speak out during the Congressional recess. On Thursday, March 25 IGA and OMB convened a conference call with mayors and staff representing the cities of Akron, Baltimore, Boston, Chicago, Denver, Houston, San Leandro, Seattle, and South Bay, FL to highlight the negative impact on cities that would result from the GOP budget proposal. Next week, we will conduct additional calls with mayors and county officials.

ESEA Reauthorization

- IGA and the Department of Education met with staff representing Democratic governors (Hunt, Patton, O'Bannon, Carper, Vilsak, Davis, and Glendening) to discuss the accountability provisions in ESEA. On each provision, states quizzed us on enforcement mechanisms and urged flexibility. On teacher quality, states worried about the impact the provision would have on an already difficult teacher shortage. On ending social promotion, states raised concerns with civil rights issues associated with holding kids back. We plan to convene an additional consultation with all of the governors' state education advisors before we send our legislation to Congress in mid-April.

Mexico Certification

- We arranged for border state attorneys general- Janet Napolitano (D-AZ), Bill Lockyer (D-CA), Bob Butterworth (D-FL), Patricia Madrid (D-NM), and John Cornyn (R-TX)- to send a letter to Attorney General Reno supporting your certification of Mexico. Two weeks ago, we received letters of support from the same border state's governors as well.

*3-29-99
L. J. O'Connell*

New Markets Initiative

- In order to build support for one of our key budget proposals, we chaired a briefing for the Washington representatives of states, cities and counties on the New Market Initiative today. Treasury, SBA, and HUD all attended and made presentations to build support for these very positive programs.

Attorneys General

- On Thursday, March 25 we hosted a White House briefing for 48 attorneys general that were in Washington for their spring meeting. The Vice President announced a new task force between NAAAG, the National District Attorneys Association, the Department of Justice, and HHS to combat health care fraud.
- The attorneys general were also addressed by General Barry McCaffrey on Mexico Certification and the Administration's national drug control campaign. Secretary Riley and Deputy Attorney General Eric Holder spoke on school violence, the Safe and Drug Free Schools Act and Medicare/Medicaid fraud. Additionally, we also arranged for OMB Director Lew to brief on the Republican budget proposal and its harmful impact to the law enforcement community.

New Orleans

- We hosted a briefing for a delegation from New Orleans led by Mayor Marc Morial. There were over fifty people from a wide cross section of the city. Josh Gottbaum, Ann Lewis, Lynn Cutler, HUD Assistant Secretary Cardell Cooper, and I spoke to the group. The Vice President came and spoke briefly and met all of the participants.

Quad Cities

- We conducted a briefing for representatives from the cities of Davenport, IA; Bettendorf, IA; Moline, IL; and East Moline, IL; who were in town for a series of meetings with Sen. Harkin's office. We briefed on the New Markets Initiative, the Livability Initiatives, and discussed the current budget struggle. The pending loss of the Rock Island Arsenal is a significant issue for the communities.

Indian Country

- We have been receiving a number of calls on electricity deregulation and its impact on Indian Country. On Friday, we communicated to people from Indian country who work on the energy issues that the Administration's bill will include a double tax credit for renewable energy production on reservations.

NHLA/NALEO

- On Thursday, March 25 Maria Echaveste, Janet Murguia and I met with Arturo Vargas Chair of the National Hispanic Leadership Agenda (a coalition of over 30 advocacy organizations) and executive director of the National Association of Latino Elected Officials. Issues addressed included census 2000, Central America disaster relief, immigration, Hispanic judicial nominations, Mexico certification, and the Republican budget proposal. We agreed to continue to meet regularly.

Insular Affairs

- Rep. Carlos Romero-Barcelo (D-PR) urged that your Elementary and Secondary Education Act reauthorization bill end the unequal treatment of Puerto Ricans in Title I programs for educating disadvantaged children.
- Puerto Rico Interagency Group Co-Chair Jeff Farrow outlined your budget and other initiatives for Puerto Rico at a conference organized by Interamerican University in Puerto Rico.

Week Ahead

- On Tuesday, March 30 we will be holding an internal meeting for a Federalism Executive Order consultation with the "Big Seven" intergovernmental organizations in early April.

3-29-99
THE WHITE HOUSE
WASHINGTON

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Johnson
Podesta

March 26, 1999

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

SUBJECT: OFFICE ON THE PRESIDENT'S INITIATIVE FOR ONE AMERICA
WEEKLY REPORT

ACTIONS

AmeriCorps: We met with Debbie Jospin, Director of AmeriCorps, and discussed the potential for collaboration between our offices. We talked specifically about tying into the work of the National Civilian Community Corps (NCCC) and also to AmeriCorps events and success stories. We agreed to have a follow-up meeting to firm up concrete plans for future joint endeavors.

Department of Interior: We met with Elizabeth Homer, Director of the Office of Indian Trust and Mike Anderson, DAS for Indian Affairs, to discuss a variety of issues raised by the Indian community. We learned that there were several areas that could be addressed fairly quickly through the agencies. For instance, currently, state and local governments are eligible to apply for federal funds while tribes are not. Most agencies support opening up the process but a handful of agencies are opposed. Another sticking point is that despite Attorney General Reno's preference, FEMA does not support amendments to the Stafford Act that would give authority for a direct declaration of an emergency on Indian lands. I will follow-up with some calls to ascertain the reasons for the holdups.

Police Misconduct: As you are aware, the four officers in the Diallo case are expected to be indicted for second degree murder next week. The protests are continuing with several prominent Americans traveling there to be arrested. I spoke to Johnnie Cochran and Earl Graves while they were here for the Ron Brown event and they gave you high marks for getting out front on the issue. Mr. Cochran said that he is asked about this issue in just about every city he travels to.

Appalachia Trip: We participated in a meeting with other WH staff on your proposed trip through the Appalachia. We are interested in tying in poor whites to our new markets and health disparity initiatives. Hopefully, we can bridge the gap between poor whites and racial minorities because they have more in common than they think. More importantly, they should be allies in the struggle for opportunities and benefits.

General Services Administration: We met with Martha Johnson, Chief of Staff to Administrator Barram and her deputy, for an in-depth conversation about agency goals to promote diversity and tolerance. They presented us with information on a GSA pilot program that allows for employees to participate in structured, yet highly participatory discussions on race and the workplace, "Honest Conversation at GSA".

We talked about the possibility of expanding the program within the GSA, and then possibly using it as a model for other agencies to follow. They are still fine tuning the program and we agreed to meet again when the program was finalized.

City Year: We met with representatives of the service corps organization (an AmeriCorps program) to discuss their upcoming 10th anniversary convention in Washington, D.C. They are planning a One America Forum that was inspired by your Initiative on Race and would like for Vice President Gore to attend. The conference is taking place at Howard University and they anticipate an audience of over 1500 young people (17-24 year olds from diverse backgrounds).

Book Roll-out Strategy: We met with other WH staff, including the First Lady's Office, to discuss ideas for your book's introduction to the public. We forwarded a memo to Maria Echaveste with our recommendations, including one to host an event on the White House lawn to present your book and our office to the American people.

Public Service Announcement: It was recently reported that there were more than 1400 hate sites on the internet. I think it would be a great idea to have positive public service announcements on racial tolerance to offset this barrage of negative trash. Toward that end, I am planning to host a meeting with internet executives to see if they will run public service ads on racial tolerance on the various internet search sites (Yahoo, Netscape etc). We believe this would be a wonderful way to reach a wide audience, especially young people, with a One America message.

Book review: We are reviewing the draft along with other White House staff and will be submitting a memorandum with our suggestions and thoughts. The issues certainly are challenging. There was recently an article that showed that after the Boston Latin school changed admission policies (as a result of court challenges by white students) whites are more than four times as likely to be accepted than blacks.

CONSTITUENT OUTREACH

U.S. Chamber of Commerce (Chamber): We met with a Sr. VP of the Chamber which represents 3000 local, state and metro Chambers of Commerce, to talk about working together to increase opportunities for underserved populations to participate in the business and labor markets. We discussed a range of issues, including workforce development to meet anticipated worker shortages.

We talked specifically about the possibility of the Chamber hosting an "Administration Day" for their membership to learn about what we are doing in the Administration and how the Chambers fit in. We also explored the idea of our office hosting a meeting with the various ethnic chambers and the U.S. Chamber to discuss ways that they can work together on mutually beneficial projects. The Chamber offered to partner with DOL's Job Corps program to create a specific role for businesses, particularly in the training curriculum and mentorship. I spoke with Secretary Herman and her Job Corps staff will be following-up with the Chamber.

In addition, we learned that Chamber Chairman Donohue and Secretary Daley are planning a team trip across the US to promote international trade. We suggested that they follow up with a second tour focusing on untapped US markets. We will be exploring the tour and other ideas further with the Chamber.

CABINET RACE INITIATIVE WEEKLY REPORT

Department of Agriculture

Rainbow/PUSH Conference: On April 15, Secretary Glickman will attend the Rainbow/Push Coalition Conference in Chicago, IL.

Department of Commerce

Minority Business Coordinating Council: On March 19, Director Cox convened the second meeting of the Minority Business Coordinating Council which was attended by nationwide representatives of minority trade associations and advocacy groups. The agenda focused on: 1) Organizational Issues, Concerns and Membership, 2) E-Commerce's Importance to the Survival of Minority Businesses, 3) the White House's New Market Initiative, and (4) MBDA's Access to Capital Strategies.

MED Week '99: Deputy Director Sandoval is coordinating the implementation of the National MED Week '99 theme and the Office of the Vice President's involvement in honoring national award winners during the September 19-22 National MED Week Conference. DOC expects Director Cox and the National MED Week Public-Private Sector Committee Chairs to choose a theme from the ideas that have been submitted.

Minority Business Roundtable: The Joint Center for Political and Economic Studies will soon announce the formation of its Minority Business Roundtable (MBRT) as the first membership organization for CEOs of leading minority businesses. Patterned after The Business Roundtable, which represents Fortune 200 companies, MBRT will provide a forum for minority CEOs to address public policy issues and to serve as a unique resource on issues impacting minority business growth. The Joint Center, with a grant from MBDA, will develop and implement MBRT's business plan.

Department of Education

Hispanic Caucus: On March 25, Secretary Riley spoke to the Hispanic Caucus about bilingual education and accountability.

Higher Education Access (Black Colleges): On April 7-8, DOEd will host a seminar for the National Association for Equal Opportunity in Higher Education (NAFEO), which represents historically black colleges and universities (HBCUs). In the past, HBCUs have been exempt from DOEd's practice of cutting off loan funding to institutions with high student loan default rates. However, as of July 1, HBCUs must implement a plan to achieve the goal of reducing their default rates to 25 percent by 2002, when their exemption expires. The seminar will inform participants how to accurately measure the default rate and describe the consequences associated with high default rates.

Native American Education: On April 15, Secretary Riley will meet with the President's Board of Advisors on Tribal Colleges and Universities to discuss issues such as the FY2000 budget proposal's funds for hiring more Native American teachers and bond authority for school construction on reservations.

General Services Administration

African Burial Ground Interpretive Center: GSA Region 2 announced the five finalists in the competition to design and build the African Burial Ground Interpretive Center in New York City. The Region anticipates awarding a contract for the Interpretive Center in January, 2000, with an opening anticipated for Fall of 2001. The Interpretive Center is one of the focal points of GSA's \$15 million African Burial Ground project.

Department of Health And Human Services

African Americans and HIV/AIDS: By mid-April, a study on evaluating barriers African Americans face accessing HIV/AIDS services is expected to be completed. Funded through HRSA, the descriptive study will collect input from the African American community in the cities of Seattle and Tacoma, WA, and Portland, OR. Focus groups and key informant interview methodology will be used. The information will be summarized and compiled into a report.

Department of Interior

Tribal Meeting: On March 30, Secretary Babbitt will be in Phoenix, AZ, with Senator Kyl, Rita Pearson and representatives from sixteen Indian tribes to continue ongoing Colorado River/Arizona water rights discussions.

Department of Labor

Migrant and Seasonal Farmworkers: By the end of March, DOL expects to announce the FY '99 JTPA Title IV -Section 402 allocations (totaling \$71,517,000) to all states and territories to provide job training and other assistance to Migrant and Seasonal Farmworkers and their families. The Migrant and Seasonal Farmworker division of DOL's Employment and Training Administration (ETA) is currently reviewing the comments received in response to DOL's Federal Register notice about the proposed changes in the methodology used to calculate state awards. There is special interest in this announcement by states that will receive substantially reduced allocations under the new calculations.

Small Business Administration

Small Business Investment Companies (SBIC): On March 23, SBA led a Chicago workshop on the SBIC program. The Reverend Jesse Jackson, Representative Danny Davis, and Michael Moskow, President of the Federal Reserve Bank in Chicago, made presentations. This is the first in a series of seven workshops SBA is sponsoring around the country through June. Additional workshops are scheduled for Kansas City (April 6), New York (April 12), Atlanta (May 6), Dallas (May 17), Los Angeles (June 1), & San Francisco (June 2). In addition, H.R. 68, a bill making technical corrections to the SBIC program, passed the House this week. The bill will also increase the program authorization levels to support the Administration's New Markets Venture Capital program and the Low and Moderate Income SBIC program proposed in the President's budget.

Social Security Administration

Asian-Pacific Islanders: On March 31, Barbara Kennelly, Counselor to the Commissioner, will be in Seattle, WA where she will speak at a Roundtable with Asian-Pacific Island community leaders on "Social Security Reform: Prospects for a Solution."

Department of Transportation

Mexican Migrant Interdictions: On March 13, U.S. Coast Guard Station San Diego interdicted 16 Mexican migrants onboard a pleasure craft in San Diego Harbor, CA, and released the migrants to the Border Patrol. On March 18, Coast Guard Station Los Angeles/Long Beach interdicted ten Mexican migrants onboard a pleasure craft in San Diego Harbor and released the migrants to the Border Patrol.

THE WHITE HOUSE
WASHINGTON

3-29-99

March 26, 1999

MEMORANDUM FOR THE PRESIDENT

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

Copied
Marshall
Balderston
Podesta

SUBJECT: Summary of Cabinet Weekly Reports
March 20 - 26, 1999

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

- **Budget Amplification:** On March 25, Cabinet Affairs hosted a follow-up conference call with the White House Press Office, OMB, and representatives of each Cabinet agency. Cabinet agency heads will continue to amplify your budget message and continue responding to the Republican proposed budget through print, radio, and speeches during upcoming travel. Cabinet budget outreach efforts began on March 19, continued through the weekend, and will continue during the Congressional recess, from March 26 to April 12, in 30 states and over 65 major media markets.

DEPARTMENT OF TREASURY

- **Russia:** By early next week, IMF Managing Director Camdessus is expected to travel to Moscow for several days of talks with Russia economic officials. Talks will focus on the progress of Russian economic reforms, including the restructuring of domestic debt, and on progress toward restarting the IMF's Russia program. Russian and World Bank officials report significant progress has been made toward developing a support package. No announcement date is set.
- **Callable Capital:** On March 24, the House rejected an effort to restore funding reductions to finance the Hurricane Mitch supplemental. This vote rescinds a previous appropriation of "callable capital" that underpins U.S. participation in the multilateral development banks. While the "full faith and credit" guarantee of the U.S. government for the full amount of the callable capital remains unaffected, Treasury is concerned that the action could trigger an increase in the borrowing costs of institutions such as the World Bank, which would require higher borrowing rates for developing countries.

- **Consolidated Financial Statements:** On March 31, Secretary Rubin, in coordination with OMB Director Lew, will send to you and Congress the second annual audited financial report of the U.S. Government. Despite considerable progress throughout the government, GAO will report that they cannot audit the information and will cite essentially the same deficiencies as were reported last year. On March 31, the House Government Management Subcommittee will hold a hearing on the Financial Report.
- **Major League Baseball Game in Cuba:** On March 28, the Baltimore Orioles organization will sponsor exhibition baseball games between American professionals, youth and amateur baseball team and the Cuban National Baseball Team in Cuba. The Office of Foreign Asset Control (OFAC) authorized the exhibition after receiving guarantees that proceeds from the game would not be transferred to the Cuban government. A second baseball exhibition with the Cuban National Team will be played in Baltimore at a future date.
- **North American Development Bank (NAD Bank):** On March 25, Treasury finalized a revision of eligibility criteria for the Community Adjustment and Investment Program (CAIP), which were approved by the NAD Bank. The new criteria increase the number of eligible areas by approximately 45 percent. Treasury is creating guidelines for its new grant and technical assistance program through which communities affected by NAFTA can access CAIP grants.
- **USA Accounts:** Treasury is working out the final details of the USA Account proposal. Plans for appropriate briefings for Members of Congress, the media, and potential validators are being developed with the National Economic Council prior to your announcement.

DEPARTMENT OF JUSTICE

- **COPS Grants:** On March 31, DOJ will announce the next round of Community Policing grants. This announcement will fund approximately 533 officers in 215 jurisdictions for a total of \$36,663,265.

DEPARTMENT OF INTERIOR

- **Labor Ombudsman for Mariana Islands:** The first Ombudsman for the Mariana Islands has been selected. The Ombudsman will direct foreign workers with problems in the Commonwealth to appropriate federal and Commonwealth agencies that can provide assistance and develop data on problems alien workers face, including the nature of their complaints and what was done to help resolve them.

- **South FL Restoration:** On April 22, GAO intends to release a report on South FL Ecosystem Restoration during a House Appropriations Interior Subcommittee hearing. A draft of the report will be sent to DOI and other agencies for response. DOI expects the report to focus on funds appropriated, obligated, and expended; coordination and management of availability of lands; water quality; and integration of science into the design and operation of restoration work.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Children's Food Pyramid:** On March 25, Secretary Glickman unveiled USDA's new Food Guide Pyramid for Children, patterned on the widely accepted Food Guide Pyramid, and based on the most recent version of the Dietary Guidelines. The new children's pyramid graphically depicts the most up-to-date dietary and nutrition guidance for children two to six.
- **Food Security Action Plan:** On March 26, Secretary Glickman will release the U.S. Plan of Action on Food Security. An interagency plan to reduce world hunger by half by 2015, it follows up on commitments the U.S. made during the 1996 World Food Summit and contains both international and domestic action plans.
- **Russian Food Aid Request:** During Secretary Glickman's consultations with Deputy Prime Minister Kulik on March 22, in advance of the aborted Gore-Primakov meetings, Russian representatives expressed interest in securing significant additional amounts of food assistance from the U.S. that, if granted, would rival the infamous Russian grain purchases of the 1970s. Rumors about the Russian request were sufficient to rally grain and oilseed markets.
- **Mandatory Livestock Price Reporting:** On March 16, led by IA's attorney general, 21 state attorneys general called on Congress to act on legislation that would authorize USDA to require meatpackers to report the prices paid for purchasing livestock. Secretary Glickman has repeatedly indicated his support for such legislation.
- **Commodity Markets:** Wheat cash and futures prices were up early in the week on rumors that an export ban on sales to Iran would be lifted, but fell later as the report remained unconfirmed, leaving prices little changed. Corn cash prices were unchanged, but futures rose on the Iran rumor and hope for a new CRP. Unlike wheat, however, corn futures remained up for the week on strong export prospects. Soybean prices rose, like corn, in the hope that CRP acreage could be increased before spring planting gets underway. Rice futures rose as export prospects improved, and cash held steady. Cotton prices were down modestly in lackluster trade. Cattle prices dropped in a slow market last week. Hog prices fell, along with product prices. Broilers moved lower as heavy birds continue to flood the market. Butter prices slid on seasonally heavy production, while cheese prices were unchanged.

- **Rural Competitiveness Report:** On April 8, ERS will release “Rural Competitiveness: Results of the 1996 Rural Manufacturing Survey,” a nationwide survey of 3,909 manufacturing businesses, establishments in metropolitan and nonmetropolitan locations, showing surprising similarity in the adoption of new technologies, worker skill requirements, use of government programs and technical assistance, exports, and sources of financing.

DEPARTMENT OF COMMERCE

- **Census Operations:** Voting mostly along party lines, the House Government Reform Committee approved seven bills affecting census operations, despite strong opposition to three of the measures from Secretary Daley. DOC contends that bills requiring a post census local review, the printing of census forms in 33 languages and Braille, and the mailing of a second questionnaire to all households would reduce the accuracy and seriously disrupt the schedule of Census 2000 and would recommend you veto the bills in their current form.
- **Spectrum Reshuffling:** The National Telecommunications and Information Administration (NTIA), in coordination with other agencies, previously identified 235 megahertz (MHZ) of spectrum for reallocation to the private sector, including spectrum used predominantly by DoD for the development of the Navy’s Combat Engagement Capability system. DoD has concluded that loss of this band would seriously jeopardize U.S. national security interests. NTIA drafted a letter suggesting the withdrawal of this band from reallocation and the substitution of the 4940 to 4990 MHZ band and is informing Congress of these actions.
- **U.S.-Israel Science and Technology Commission:** Secretary Daley and Israeli Minister of Industry and Trade Natan Sharansky co-chaired the sixth biannual meeting of the US-Israel Science and Technology Commission on March 15-16. The Commission agreed to allocate \$5 million for joint U.S./Israel biotechnology projects and \$2 million for environmental technologies collaboration.
- **Supplemental FY99 Appropriations:** Secretary Daley wrote to Senate Appropriations Chair Stevens and to House Appropriations Subcommittee Chair Rogers requesting that the FY99 Supplemental include \$5 million in funding for National Oceanic and Atmospheric Administration programs to assist New England communities in responding to the downturn in the fishing industry.
- **Trademark Rights for “Oldies” Performers:** On March 16, Representative Kucinich introduced the “Truth in Rock Act” which would amend the Lanham Act to provide creative artists with new performing rights and the enhanced ability to challenge knock-off or imposter musical groups.

- **Dominican Republic Airport Consortium:** On March 16, a U.S.-led consortium won a bid to modernize, upgrade, and operate four airports in the Dominican Republic totaling a value of as much as \$1.3 billion. U.S. goods and services, consisting of engineering, architectural design, baggage handling equipment, and passenger boarding bridges could reach \$400 million.
- **Minority Business Coordinating Council:** On March 19, Director Cox convened the second meeting of the Minority Business Coordinating Council attended by nationwide representatives of minority trade associations and advocacy groups to discuss organizational issues, E-Commerce's importance to the survival of minority businesses, the White House's New Market Initiative, and MBDA's access to capital strategies.
- **Minority Business Roundtable:** The Joint Center for Political and Economic Studies will soon announce the formation of its Minority Business Roundtable (MBRT) as the first membership organization for CEOs of leading minority businesses. Patterned after The Business Roundtable, which represents Fortune 200 companies, MBRT will provide a forum for minority CEOs to address public policy issues and to serve as a unique resource on issues impacting minority business growth. The Joint Center, with an MBDA grant, will develop and implement MBRT's business plan.
- **Schools and Libraries E-Rate:** The White House has asked the National Telecommunications and Information Administration to send a letter to the FCC recommending that the FCC require, as part of the application for e-rate funds, schools and libraries have in place an "acceptable use" plan for protecting children from viewing material that their parents, guardians, or teachers deem inappropriate.

DEPARTMENT OF LABOR

- **Chinese Labor Minister:** On March 30, Secretary Herman will hold a one-day meeting with Zhang Zuoji, Minister of Labor and Social Security of the People's Republic of China, who will be here as part of the "U.S.-China Dialogue on Labor and Social Safety Net Issues" which was agreed upon in the June 1998 Joint Declaration signed by you and President Jiang Zemin.
- **Canada:** Staff from the National Administrative Office (NAO) of DOL's International Labor Affairs Bureau (ILAB) will travel to Canada on April 6-7 to meet with representatives of the Quebec government and others concerning a submission filed under the North American Agreement on Labor Cooperation (NAALC), the NAFTA labor supplemental agreement. The submission raises issues of freedom of association and the right to bargain collectively in Canada, which arose as a result of allegations of an anti-union motivated closing and delays in the union certification procedure surrounding union organizing efforts at a McDonalds restaurant in St.-Hubert, Quebec.

- **Dislocated Worker National Reserve Account (NRA):** The State of MA will work with DOL to consolidate applications for the projected 5,000 employees who may lose jobs if the March 15 announced merger of Fleet Bank and BankBoston is approved by federal bank regulators. Published reports indicate that several hundred of the banks' branch offices may be closed and others sold or auctioned.
- **Workforce Investment Act (WIA):** Currently, OMB is clearing WIA regulations for publication in the *Federal Register*. DOL continues to conduct technical assistance conferences to assist States and localities with their efforts to begin to implement WIA.
- **March Unemployment:** On April 2, Secretary Herman plans to announce the March unemployment numbers and talk with national and regional media regarding the state of the nation's unemployment situation.
- **Dislocated Worker Grant (MA):** By March 30, DOL expects to announce a grant of up to \$1.4 million to MA to provide job training and other reemployment services to 280 workers who were laid off at Caldor Corporation located in Westfield, MA.
- **Dislocated Worker Grant (IA):** By March 30, DOL expects to announce a grant of up to \$448,774 to the State of IA to provide job training and other reemployment services to 100 of the 229 workers who are being dislocated as a result of the closures of the Deflecta-Shield auto and truck parts distribution facility, and the Siebe Appliance Controls Company.
- **Migrant and Seasonal Farmworkers:** By the end of March, DOL expects to announce the PY '99 JTPA Title IV - Section 402 allocations, totaling \$71,517,000, to all states and territories to provide job training and other assistance to Migrant and Seasonal Farmworkers and their families.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Substance Use in Movies and Music:** On April 19 or 20, the Substance Abuse and Mental Health Services Administration and ONDCP are planning to release findings from a study to determine the frequency and nature of substance use in movies and music. The findings are based on the 200 most popular home video rentals and the 1,000 most popular music recordings of 1996 and 1997. Researchers identified what substances were used, by whom, how often, under what circumstances, and with what consequences.
- **Guatemalan Raspberries:** On March 22, the Food and Drug Administration (FDA) revised the Import Alert on fresh raspberries from Guatemala. Spring importation of fresh Guatemalan raspberries was suspended in May 1997 after Guatemalan raspberries were implicated in U.S. illnesses resulting from the ingestion of the *Cyclospora* parasite. FDA and CDC have been working with the Guatemalan authorities to improve the

conditions under which the berries are grown and shipped. For the past two weeks, FDA inspectors have been auditing the Guatemalan berry program to decide whether the import alert should be revised to allow the entry of fresh raspberries from selected Guatemalan farms. FDA has exempted only one Guatemalan berry farm at this time; more may be exempted later this week if they meet the established criteria.

- **Nicotine Gum:** On March 15, the FDA approved an abbreviated new drug application for Nicotine Polacrilex Gum. This is the first OTC approval for a smoking deterrent/nicotine replacement product. The implementation plan includes mechanisms in addition to product labeling to ensure that these products will not be sold or advertised to individuals younger than 18.
- **Lawsuit Against University of Chicago:** The Federal government has brought a civil suit against the University of Chicago, alleging a pattern and practice of fraud and overbilling in the hospital's Medicare and Medicaid claims. The suit maintains that 40 percent of the most expensive outpatient Medicare claims submitted in 1991-97 were fraudulently upcoded. The hospital denies any allegations of improper billing and maintains that the law governing proper billing is too vague and changes too often.
- **Tobacco:** The FDA continues to enforce the tobacco rule by conducting compliance checks during which a minor, accompanied by an officer, attempts to purchase cigarettes and smokeless tobacco at retail establishments. The Agency has commissioned State officials to conduct the checks. To date, there are 43 contracts in place in 41 States and two Territories. Of these, 26 are actively enforcing the rule by conducting compliance checks. Approximately 63,000 compliance checks have been completed and processed by the Tobacco Program.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Appalachian Tour:** On March 19, Secretary Cuomo visited Eastern KY's Appalachia region to view housing conditions and participate in a roundtable with Governor Patton and community leaders. The Secretary's trip follows a similar WV visit.
- **Y2K Preparation Videos:** On March 19, HUD announced that it will send housing authorities and managers of HUD-subsidized housing 18,000 copies of a video designed to help them update computer systems and embedded microchip devices to avoid problems when Y2K arrives. The video will be accompanied by a workbook -- available from HUD's website -- that includes business function checklists, sample assessment documents, resource lists, and other practical information to further assist housing organizations in the development of Y2K plans.

DEPARTMENT OF TRANSPORTATION

- **Kiwi Airlines:** On March 23, DOT issued an Order to Show Cause proposing the revocation of the certificate authority issued to Kiwi International for lack of continuing fitness. Kiwi is based in Newark and currently serves six locations with three B-727 aircraft while under financial difficulties. On March 24, the FAA issued an order of emergency revocation for Kiwi International Airlines' operating certificate. Kiwi has ten days to appeal the order to the NTSB but the order remains in effect pending an appeal decision.
- **"Buckle Up" Billboards:** On March 23, National Highway Traffic Safety Administration (NHTSA) and the Outdoor Advertising Association of America, Inc., unveiled a \$5 million public service advertising campaign in on more than 8,500 billboards throughout the U.S., reminding motorists to use their seat belts. NHTSA estimates that seat belts save more than 10,750 lives each year. Two years ago, you established a national goal to increase seat belt use to 90 percent and to reduce child occupant fatalities by 25 percent by the year 2005.
- **Intermodal Tour:** From April 5-10, Secretary Slater will tour Massena, NY; Detroit, MI; Columbus and Athens, OH; Indianapolis and Seymour, IN; Louisville, KY; Meridian, MS; Atlanta, GA; Knoxville, TN; Shreveport, LA; El Dorado and Monticello, AR; Monroe, LA; and Brownsville and McAllen, TX to participate in events with congressional leaders, local and state officials amplifying the Administration's record investment in transportation while creating more livable and safe communities,
- **Grade Crossing Enforcement:** On March 29, the FRA working with Operation Lifesaver, state and local agencies, and the railroad industry (principally Amtrak) will begin a series of high-profile grade crossing safety enforcement and media initiatives to focus on the importance of enforcement as a tool to reduce grade crossing collisions and to broaden public awareness of grade crossing safety. The Officer-on-the-Train event in key states is one initiative and will include the Amtrak route in Illinois where 11 people died in a grade crossing collision on March 15.

DEPARTMENT OF ENERGY

- **African Energy Initiative:** Secretary Richardson is expected to launch the Africa Energy Initiative at Howard University on April 1. The Secretary will kick off this initiative during his speech emphasizing the importance of African-African American interaction on the one-year anniversary of your trip to Africa.
- **Gasoline Prices Up, Stocks Down:** The average retail price for regular gasoline in the U.S. surpassed \$1 per gallon this week, for the first time in over four months. As of March 22, the national average cash self-service price of regular gasoline was 101.7 cents

per gallon, 1.7 cents higher than the price a year ago in the first year-to-year increase since October 1997. Rising crude oil prices and refinery problems are cited for the recent price increases, which are occurring earlier than the typical demand-driven spring gasoline price rise.

DEPARTMENT OF EDUCATION

- **Direct Loan Management:** A March 18 report from DOEd's Office of the Inspector General (IG) stated that the Department is less efficient in managing direct loans than large lenders are in managing the Federal Family Education Loan (FFEL) program. DOEd spends an average of \$4 more per loan in administrative costs than the banks. The IG identified several possible reasons for these higher administrative costs. DOEd officials contend that, because FFEL lenders receive much greater federal subsidies, which the IG chose not to address in its report, the overall cost of the direct student loan program is competitive with FFEL's overall cost.
- **ESEA Reauthorization:** On April 5, DOEd expects to transmit to Congress the proposed legislation for reauthorization of the Elementary and Secondary Education Act.
- **NJ Special Education:** DOEd continues to work with NJ to improve the state's special education programs. DOEd's February 16 monitoring report, based on a July 1998 visit to the state, found that NJ failed to correct problems cited in previous reports. In early April, the state will submit a corrective action plan that will suggest significant improvements. On May 15, the state will submit a report detailing steps taken to improve its special education oversight and avoid losing the federal funding it is scheduled to receive July 1.
- **Detroit Schools Takeover:** State and city officials agree that Detroit's elected school board should no longer control the city's schools, but they disagree over who should take control. Earlier this month, Mayor Archer was prepared to take over the schools. Now the two houses of MI's legislature have passed conflicting bills -- the House's giving school control to the governor, the Senate's giving control to the mayor. A MI law requiring a supermajority for quick implementation, which many lawmakers feel is crucial, is complicating attempts to find a compromise. On March 9, Secretary Riley met with the Mayor to provide technical assistance and advice.
- **Charter School Guidebook:** In April, DOEd will release a guidebook for charter school operators and developers. The guidebook will outline major federal programs available for charter schools.
- **Charter Schools Report:** By the end of March, DOEd expects to complete a report on implementation of the Federal Public Charter Schools Program (PCSP). The report will note that charter schools have become more popular, with students on waiting lists at

seven of ten charter schools; enroll approximately one of every 200 public school students; are often located in converted public or private schools; are relatively small; and typically have enrollments that mirror the racial/ethnic composition of the general population.

Ending Social Promotion: DOEd is preparing "Taking Responsibility for Ending Social Promotion: A Guide for Educators and State and Local Leaders." This guide highlights examples of states, districts, and schools that have taken a comprehensive approach to ending social promotion.

School Reform Grants to States: DOEd officials are in the final stages of reviewing the last of the state applications for Comprehensive School Reform Demonstration grants. States distribute the federal funds to schools through a grant competition. In April, DOEd expects to announce the grants for CA (\$16 million), IA (\$1 million), and Kentucky (\$2.3 million), as well as for NH, PR, RI, and SD.

VETERANS AFFAIRS

- **National Disabled Veterans Winter Sports Clinic:** On March 25-26, Mrs. Gore joined Secretary West at the 13th National Disabled Veterans Winter Sports Clinic in Crested Butte, CO. Open to veterans with any physical disability, the event is the largest of its kind in the country. Nearly 300 veterans -- a record number -- will participate. Mrs. Gore and Secretary West presented medals to the veterans on Race Day, March 26, and addressed the participants, staff, and volunteers at the closing ceremony.
- **Primary Care and Emergency Room Visits:** The lack of an ongoing relationship between a patient and a primary care physician is one of the strongest predictors of non-urgent emergency room visits. This finding was based on a study published in *Medical Care* by a research team at the Houston VA Medical Center. Study findings indicate that an ongoing relationship with a physician tends to promote appropriate use of emergency facilities regardless of insurance status, education level, ethnic background, or health status. The study has important health policy implications for helping alleviate the high cost and overcrowding of emergency rooms and for improving continuity of care.

ENVIRONMENTAL PROTECTION AGENCY

- **G-8 Environment Ministerial in Germany:** From March 26-28, Administrator Browner will attend the G-8 Environment Ministerial in Schwerin, Germany. The Ministerial will focus on global climate change, enforcement of multilateral environmental agreements, global environmental security, and reform of the UN's environmental sector.

- **Use of Methyl Tertiary Butyl Ether (MTBE):** From March 25-26, the MTBE Blue-Ribbon Panel held its third meeting in Sacramento, CA to address issues posed by the continued use of MTBE and other oxygen-containing additives (oxygenates) to fuel. The use of oxygenates (MTBE is the most widely available) is required by the Clean Air Act, and significantly reduces air pollution from automobiles. However, MTBE has been found in numerous drinking water sources in CA, ME, and NH. In most cases, MTBE in drinking water indicates that fuel is leaking from underground storage tanks. Officials in these states have called on EPA to phase-out or establish drinking water standards for MTBE. EPA established the panel in November 1998 to examine the use of MTBE and other oxygenates in gasoline.

UNITED STATES TRADE REPRESENTATIVE

- **Annual Review of Telecommunications Agreements:** During the week of March 30, Ambassador Barshefsky will announce the results of USTR's annual review of telecommunications agreements, per statutory mandate. The review will focus on compliance by Europe, Japan, Germany, and Mexico. In the announcement, the U.S. will tout the EU's positive steps in formulating standards, supported by U.S. industry, for the next generation mobile telecommunication services. The review will also set a fall date for Japan to correct WTO violations. Additionally, Ambassador Barshefsky will announce continued monitoring of the EU, Germany, and Mexico to reinforce the processes each has set in motion to resolve the complaints made by U.S. industry.
- **EU Beef Hormones:** On March 22, USTR announced preliminary actions in response to on-going uncertainty about the ability of the EU to comply with WTO rulings which call for it to end its ban on imports of U.S. hormone-treated beef by the WTO-stipulated deadline of May 13. USTR published its preliminary list of \$900 million of EU products that would be subject to 100 percent duty tariffs if the EU does not meet its WTO obligations.
- **Japan Rice:** On March 22, after intensive consultations with Japan, Ambassador Barshefsky announced that the U.S. would not lodge objections in the WTO to Japan's tariffication of its rice import regime. USTR stated clearly to Japanese officials that the U.S. expects continued access to Japan's rice market. Japan agreed informally to maintain the U.S. share of rice imports at 47.7 percent, and to initiate periodic bilateral consultations on agricultural issues, including rice. On March 23, in reaction to USTR's announcement, Japan's Agriculture Minister stated that the decision would "lead to more favorable trade relations."

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **MD Performance Partnership:** On April 2, ONDCP and the State of MD will finalize an agreement to create a Performance Partnership. The Partnership will promote cooperation between the Federal government and MD in developing a performance measurement system that will monitor the progress of MD's antidrug efforts.

SMALL BUSINESS ADMINISTRATION

- **HUBZone Program:** SBA is accepting applications from businesses that want to participate in the HUBZone Empowerment Contracting program. The program promotes economic development in historically underutilized business zones (HUBZones) by establishing awards of federal contracts to small businesses located in such areas. Applicants can determine if their company is located within a HUBZone by using a new system available on SBA's website. More than 7,000 urban census tracts and 900 mostly rural counties currently qualify as HUBZones. All federally-recognized Native American reservations also qualify. The first-year goal of the program is to channel at least one percent of overall federal procurement to HUBZone small businesses.
- **Y2K:** SBA is preparing for outreach events and travel to promote Small Business Y2K Action Week scheduled for March 29-April 2. Over 500 events are scheduled across the country; 32 of these events include Members of Congress. OMB has allocated \$3.5 million to the SBA to undertake these projects as part of its national Y2K outreach activities.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **TX Emergency Request:** On March 11, Governor Bush requested an emergency declaration for 167 counties deemed as significant fire hazards. These counties received heavy rains last year causing abundant grass growth which now poses potential fire hazards. Governor Bush requested fire suppression units be pre-staged and that Federal funds be used to pay for costs incurred. The request is currently under review at FEMA.

OFFICE OF PERSONNEL MANAGEMENT

- **Senate FY2000 Budget Resolution:** The Senate FY2000 budget resolution contains language urging that federal employees and those in military service receive equivalent pay increases in January 2000 and requires a reduction in the number of Executive Branch political appointees. The Senate resolution also extends the increased agency contributions to the Civil Service Retirement and Disability Trust Fund that agencies are required to make by the 1997 Balanced Budget Act, but it does not extend the increased contribution level for employees.

UNITED STATES INFORMATION AGENCY

- **Beef Hormones:** USIS posts in Italy, Germany, and Denmark worked to promote the U.S. view on the dispute with the EU on U.S. exports of hormone-treated beef. Articles ran in many major daily press outlets across the continent, including Austria, Belgium, Germany, France, and Spain.

GENERAL SERVICES ADMINISTRATION

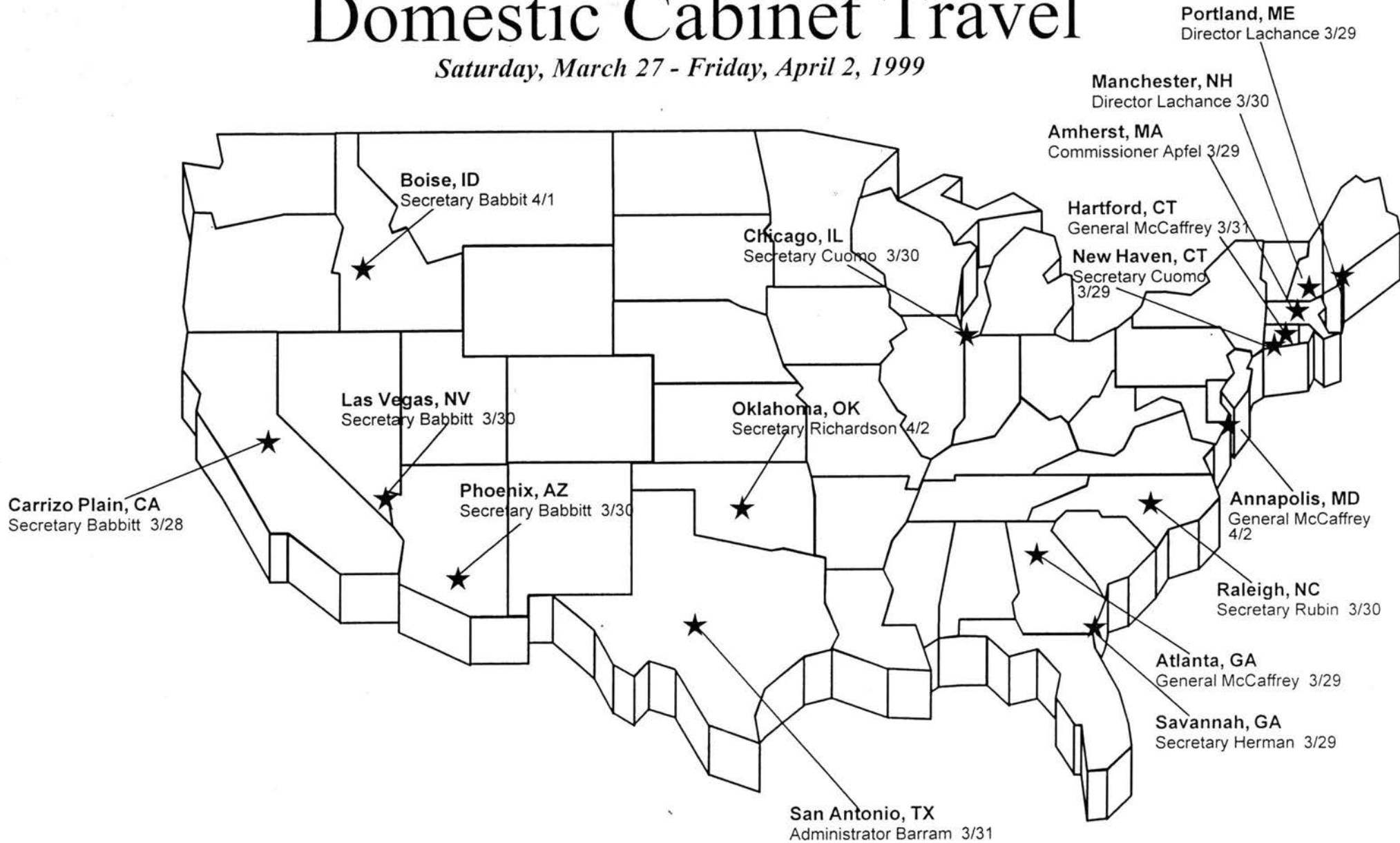
- **IRS Partnership:** Administrator Barram has announced an initiative to develop a strategic partnership with the IRS. The needs of the IRS and its 100,000 employees require the collective efforts of GSA's three services. The GSA-IRS partnership builds on the lessons learned from the successful Census Bureau partnership currently underway, which relies on GSA's three services working together and with all levels of the customer agency in order to meet the agency's current and future requirements.

cc:

The Vice President
John Podesta
Sandy Berger
Sidney Blumenthal
Mary Beth Cahill
Maria Echaveste
George Frampton
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Minyon Moore
Bruce Reed
Steve Ricchetti
Doug Sosnik
Gene Sperling
Larry Stein
Loretta Ucelli
Melanne Verveer

Domestic Cabinet Travel

Saturday, March 27 - Friday, April 2, 1999



Amb. Christopher ("Kit") Ashby

3/29-99

cc ~~Wing~~ ~~Carson~~ ~~NE~~
to USC (S. Berger / S. Streett)
see his requests
+ p. 2 on Fast Track

see his requests
and p. 2 on Fast
Track

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NSC W Wing Dade
Berger
Streett
Hennreich
COS

greater interest at Latin America. I can feel it. Unfortunately, I can also feel the Latin American doubt that we are serious and in it for the long haul. This uneasiness will not end until we have Fast Track. Fast Track is the lynch pin we need to hold together most of what you have tried to achieve in Latin America. Without it, our opponents have too credible an argument that Latin America's future lies with themselves, not with us. I hope you can get it passed.

I tried to call the Ambassador in Cairo the other day, and was told he was in the south of Egypt with Hillary. I'm sure she had a fascinating trip. Egypt was one of our favorite vacation destinations.

Hope to see you in May. Best to you all.

Best Regards
Kit

* 'A]lmnoz{efij)