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5

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The Cullinane Group, Inc.

6-3-99

Investors in High Technology Ventures

John J. Cullinane
President

ATTN: Nancy Hernreich
Fax # 202-456-6703

TO: President William J. Clinton
The White House

FROM: John J. Cullinane 

DATE: May 25, 1999

RE: Internet Proposal -- ParentMediaPower.com

VIA FAX

copied
HRC
Read
VP
Podesta
Berkhardt
(original)

C.C. HRC VP
Clinton White House
let's see what we can do
MAY 27 1999

The problem in our society is that corporations have too much influence over our children, and parents not enough. The Internet has the capacity to change this by introducing the buying power of parents and surrogate parents such as universities, public and private school systems, the U.S. government, etc. into the process. The Internet for the first time is going to give power back to parents and surrogate parents in dealing with corporate America and the media, etc. Best of all, it uses the American capitalist system to do it. I have already tested this idea with key buyers and sellers and have received enthusiastic responses. As a result, I have created ParentMediaPower.com.

My entrepreneurial background includes founding Cullinet Software, Inc. which, in 1968, was the first company to specialize in the sale of computer software as a product. In 1978 it became the first software company to have a public offering, in 1983 it was the first software company to be listed on the New York Stock Exchange, and it was the first software company to reach \$1 billion in valuation. Also, I was founding chairman of the Massachusetts Software Council, the Boston Public Library Foundation, and the Friends of Belfast. I also chaired New England Business Executives for Clinton/Gore in 1992.

I'd like to discuss this idea with the key person on your staff and ultimately yourself because you will quickly grasp the potential power of ParentMediaPower.com and how it will impact young people, much like you did when I discussed with you how the Israeli BIRD program could be a model for Ireland and Northern Ireland at a White House dinner for Helmut Kohl a few years ago. It's a concept you could introduce nationally. As confirmation of this concept, Professor Jack Donahue of the Kennedy School of Government and former advisor to Secretary of Labor Robert Reich, has illustrated in his forthcoming book *Confronting Inequality in an Era of Devolution (The Devolution Revolution)* that you can change behavior with the right impetus. He uses sweatshops in the apparel industry as an example.

I am looking forward to hearing from you.

6-3-99

One Exeter Plaza Boston, MA
E-mail: john@cullinane-group

After you have seen -
we will send to Berkhardt
for action -

C

6-3-99

THE WHITE HOUSE

WASHINGTON

June 1, 1999

199 JUN 1 PM 9:46

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Gift Horse from Slovenia

Background

Prime Minister Drnovsek has inquired about giving you a Lipizzaner stallion during your visit to Slovenia next month. In the attached memo, Mel has outlined the multitude of problems this gift would create. These include the cost of transportation, quarantine and eventual care for the horse, which must be accepted on behalf of the U.S. Government because its value is over \$260. You will also recall the problems we had in accepting the two horses from President Menem of Argentina.

The Slovenes have the best of intentions in offering this gift. However, if Mel and our staff explain to the Slovenian Ambassador the problems this gift would create for us, I think we can decline the gift without any damage to our bilateral ties or your personal relations with Prime Minister Drnovsek.

RECOMMENDATION

That you agree to allow Mel and the NSC staff to decline the proposed Slovenian gift.

Approve ☒Disapprove ☐

*Ok - if it works but
their feelings*

*Copied
Berger
Podesta
NSC WW Desk*

Attachment

Tab A Mel French's 5/19 Memo

cc: Vice President
Chief of Staff



United States Department of State

The Chief of Protocol
Washington, D.C. 20520

THE PRESIDENT HAS SEEN

5-24-99

May 19, 1999

copied
Berger
Podesta**MEMORANDUM TO THE PRESIDENT**

FROM: Mary Mel French *MMF*

RE: Gift of Horse from Slovenian Prime Minister

*Surely
advice*

On your upcoming trip to Slovenia next month, the Slovenian Prime Minister, H.E. Janez Drnovsek, would like to present you with a horse as your official gift. Breeding horses is a 500 year old tradition in Slovenia. The horse is from a breed called "Lipizzaner" and is from the Lipica Stables, just south of Ljubljana.

As you know we dealt with the animal issue with Argentina and the process was difficult, at best. Aside from the cost of shipping the animal from Slovenia to the United States, there is a cost to quarantine the animal and there are expenses for the person who accepts the horse. The quarantine period is of unknown duration and there are often health risks associated with it and the animal can potentially get lonely with the open-ended isolation. In addition, it is unclear who or what entity would take possession of the horse or where the animal would live once it passes through quarantine.

In addition, the horse would be a gift to the U.S. government since its value is higher than what the law allows a President to accept. However, from the Prime Minister's perspective, he will think it is a gift to you, received by you. If you wish us to go forward with accepting the horse on behalf of the U.S. government then we will begin the necessary arrangements. If you would rather we not accept the horse I will convey this to the Slovenian government and notify them that a different type of gift would be acceptable.

Please let me know how you would like me to proceed. Thank you.

THE WHITE HOUSE
WASHINGTON

'99 JUN 3 PM 3:10

June 3, 1999

MEMORANDUM TO THE PRESIDENT

FROM: STEPHANIE STREETT 
CHIP PAYSON 
SUBJECT: SCHEDULING DECISIONS
CC: JOHN PODESTA
MARIA ECHAVESTE
STEVE RICCHETTI
DOUG SOSNIK
NANCY HERNREICH

*Copied
Streett
Payson
Podesta*

ACCEPT:

Date of Event:

Description of Event:

6/4/99

Live Interview with "Good Morning America"
White House
Staff Contact: Joe Lockhart

6/4/99

Meeting with Bob Johnson
White House
Staff Contact: Minyon Moore

Bob Johnson requested this meeting to discuss the Ron Brown Foundation. Michael and Alma Brown will be attending also.

6/4/99

Present President's Award of the President's Committee on
Employment of People with Disabilities
White House
Staff Contact: Mary Beth Cahill

6/4/99 Promote Major Darryl Williams, Army Aide to the President
White House
Staff Contact: Virginia Apuzzo

6/7/99 Asian American Outreach Meeting
White House
Staff Contact: Mary Beth Cahill

This is the first in a series of outreach meetings. During this meeting, you will sign an Executive Order that will institutionalize the Asian American and Pacific Islander Initiative at HHS.

6/7/99 Meeting
White House
Staff Contact: Melanne Verveer, Capricia Marshall

This is an informal meeting arranged by Melanne Verveer to discuss Georgetown University. The First Lady will also attend this meeting.

6/7/99 or
6/8/99 Meeting with Reverend Dr. Leon Sullivan
White House
Staff Contact: Maria Echaveste, Sandra Thurman

Dr. Sullivan would like to report to you on the recently concluded African African-American Summit in Ghana, which included a plenary session on the AIDS pandemic.

6/9/99 Lay Cornerstone of Dale/Betty Bumpers Vaccine Research Facility
National Institutes of Health, Bethesda, MD
Staff Contact: Thurgood Marshall, Jr.

6/7/99-6/11/99 Tape Two PSA's for the Ad Council's "Talk to Your Kids"
Campaign
White House
Staff Contact: Bruce Reed

We are looking for a date to do this next week.

6/7/99-6/11/99

Two Congressional Meetings
Yellow Oval
Staff Contact: Larry Stein

The purpose of these meetings would be to discuss Kosovo. We are looking for a date to do these next week.

6/15/99

Congressional Gold Medal Ceremony
US Capitol
Staff Contact: Larry Stein

Rosa Parks will be the recipient of this Congressional Gold Medal.

6/25/99

Address the 1999 Presidential Scholars
White House
Staff Contact: Thurgood Marshall, Jr.

7/1/99

Official Working Visit of President Mubarak of Egypt
White House
Staff Contact: Samuel Berger

7/2/99

Official Working Visit of President Kim of South Korea
White House
Staff Contact: Samuel Berger

7/12/99

Official Working Visit of Prime Minister Howard of Australia
White House
Staff Contact: Samuel Berger

7/13/99

Address the Communications Workers of America's Annual Conference
Miami, FL
Staff Contact: Karen Tramontano

We have scheduled you to address the CWA in the morning, you will have a Library Lunch in the early afternoon, possible time to play golf and a Florida Democratic Party Dinner in the evening before returning to Washington.

6-3-99

7/26/99

OK

Photo-op with the 1999 American Legion's Boys and Girls Nation
White House

Staff Contact: Mary Beth Cahill

Since both the Boys and the Girls groups are coming to Washington, DC at the same time, we have scheduled a joint event with them both here at the White House.

PENDING:

Date of Event:

Description of Event:

6/9/99

Roundtable on Police Integrity and Trust Building
Washington, DC

Staff Contact: Thurgood Marshall, Jr.

The Department of Justice is hosting this conference and the Attorney General and other key Justice Department Officials will be participating.

Before 6/15/99

Promote Lt. Col. Timothy Foley, Director of "The President's Own" Marine Band
White House

Staff Contact: Virginia Apuzzo

Lt. Colonel Foley will be promoted to the rank of full Colonel. He has asked if you would formally promote him in a 5-10 minute ceremony in the Oval Office.

Yes ☒ _____

No _____

Discuss _____

June/July TBD

Brief Meeting with Congressman Peter King
White House

Staff Contact: Larry Stein

Representative King would like to drop-by give you a copy of his recently published book, "Terrible Beauty."

Yes ☒ _____

No _____

Discuss _____

6/14/99

Attend the 224th Army Birthday Celebration
Warner Theater, Washington, DC
Staff Contact: Virginia Apuzzo

We are inclined to regret since this is the day before you leave for the foreign trip.

Okay to Regret ☒ Discuss ☐

SOCIAL INVITATIONS/ PRIVATE MEETINGS:

Date of Event:

Description of Event:

6/4/99

Bono Houston, the lead singer of rock band U2, will be in town tomorrow. He asked to drop-by and see you or, since your schedule is completely full tomorrow, to speak to you over the phone to thank you for your help in raising money for third world countries. Would you like to speak with him by phone tomorrow:

Yes ☒ No ☐

6/5/99

You have been invited to a champagne reception in honor of the marriage of Sondra Seba to James Hemenway. It will be held on Saturday, June 5, from 7:30- 10:00 pm at Esther and Connie Coopersmith's house. Since you are scheduled to go to Camp David at your convenience sometime on Saturday, I am inclined to regret this invitation. Is it okay with you to regret?

Regret ☒ Discuss ☐

6/9/99-6/11/99

Hal Hunnicutt will be arriving in Washington on the evening of Wednesday, June 9 through Friday June 11. You indicated that you would like to see him and possibly play golf. Unfortunately, given your schedule for next week, golf will be difficult to arrange.

Is he staying with
us? - let us see
my schedule for that
day. I'll cancel block time
from afternoon 7:00-8:00 am
pushed ahead to morning -

6-3-99

REGRET:

Date of Event:

Description of Event:

Before 6/20/99

*Summer
Summer do this*

Present the '99 Multiple Sclerosis Father and Mother of the Year Award

White House

Staff Contact: Mary Beth Cahill

Since your schedule is very full until after the foreign trip, we have forwarded this to Cabinet Affairs and the other Principals for consideration.

6/11/99-6/15/99

*Go to Chicago to
to do - to do - to do*

Address the 67th Annual Conference of Mayors

New Orleans, LA

Staff Contact: Mickey Ibarra

We are inclined to regret. We are holding June 11 for a message event or a possible Press Conference; you are delivering the commencement address at the University of Chicago on June 12 and adding this as a second event would step on your speech; on June 13 you have the events at Ford's Theater; and on June 14 the Vice President is already scheduled to address this group.

6/26/99

OK

Address the National Civic League's 50th Anniversary of the All American City Awards

Philadelphia, PA

Staff Contact: Mary Beth Cahill, Mickey Ibarra

This is the conference in which the ten winners are selected. We would propose, as has been done in past years, that the winners be invited to the White House towards the end of the year for an event/photo-op with either you or the Vice President. Additionally, since this event takes place on the first Saturday you have down after you have just returned from the foreign trip, we have forwarded this to Cabinet Affairs for surrogate consideration.

6-3-99

SPECIAL ANALYSIS**Have Drug Companies Abandoned Critical R&D?**

Tropical diseases long ago conquered in developed nations still kill and disable millions of people in the developing world—and some may be re-emerging in the United States and other advanced nations. Yet pharmaceutical companies appear to have abandoned R&D for these diseases. Can policymakers motivate profit-driven firms to invest in the development of drugs that primarily benefit the world's poor?

Malaria and market failure. The resurgence of diseases, increasing drug resistance, adverse effects, and the need for simpler treatment protocols point to the need for greater R&D in new drugs for diseases found in the developing world. For example, a resurgence of increasingly drug-resistant malaria around the world, including some cases in the United States, is afflicting up to 500 million people and killing up to 2.7 million each year. Yet in 1997 a consortium of leading pharmaceutical companies refused to support a proposed joint project to develop new treatments for the world's most threatening tropical diseases, particularly malaria.

A retreat to proven formulas. Other diseases besides malaria, including tuberculosis, dysentery, and meningitis, lack adequate treatment in poor countries. Instead of researching new treatments for these diseases, however, pharmaceutical companies have chosen to refine proven and profitable products. Of the more than 1,200 new pharmaceutical chemicals commercialized between 1975 and 1997, only about 30 percent were therapeutic innovations. Only 13 of these 1,200 were specifically for tropical diseases, and a mere 4 of these 13 resulted directly from R&D by the pharmaceutical industry rather than by the military or other organizations. This record stands in marked contrast to the pharmaceutical industry's crucial contributions to fighting endemic tropical diseases between 1910 and 1970.

Business as usual. Economic factors are a key explanation for the industry's current indifference to tropical diseases. A typical R&D program costs about \$160 million and takes 8 to 12 years to complete. Profit-driven pharmaceutical companies will not undertake such costly research without the expectation of an adequate financial return to justify the risk and expense. In addition, heightened merger activity in the pharmaceutical industry in the late 1980s may have put pressure on management to focus on the proven profitable segments of the market, such as infectious diseases, cardiovascular conditions, and cancer—to the exclusion of even the most endemic of tropical diseases.

The attractiveness of the U.S. market. The sheer size of the U.S. market encourages profit-oriented pharmaceutical companies to develop drugs aimed at diseases that are more common here than elsewhere. But the United States is also a particularly lucrative market for international pharmaceutical companies because prices can be set freely in this country. By contrast, countries with a centralized health care system can exact price concessions from the companies. With the payoff

to pharmaceutical R&D arising disproportionately from profits in the U.S. market, it is not surprising that companies' R&D programs are heavily weighted toward diseases that are prevalent here.

Intellectual property issues. Drug companies are among the most enthusiastic proponents of intellectual property protection. The importance of patents, which grant innovators a period during which they can exploit a new drug monopolistically, is well-known. Yet for diseases that afflict the very poor, even the guarantee of a temporary monopoly on the entire world market, enforced by an intellectual property regime, could be an inadequate incentive to incur the risk, research cost, and production cost of a vaccine or cure. In such cases, intellectual property protection would be only a partial solution.

* **The most cost-effective foreign aid?** Some economists have recommended that leading governments guarantee an adequate market for an effective malaria vaccine, should it be discovered, by pledging to purchase the vaccine for mass distribution in needy areas. Under reasonable cost estimates, the vaccine could be provided for every child born in Africa for a very small fraction—between 1½ and 6 percent—of the current amount of all the foreign aid they receive.

Conclusion. The drought of industry research for tropical diseases endemic among the poorest nations may be reversible. Providing adequate economic incentive by guaranteeing a market for vaccines or cures may be one effective—and humane—government solution. Other solutions, such as demanding intellectual property protection from recipient countries, may be insufficient if those who need the treatment are simply too poor to afford it.

THE PRESIDENT HAS 5-
6-3-99

cc: [unclear]
[unclear]

~~Steinberg / NSC~~
Can we get AA to do
anything about this?
Maybe we could get
G-8 to cooperate on this

copied
Steinberg
NSC w/ [unclear]
Jennings
Podesta

LAW OFFICES
ALEXANDER & ASSOCIATES
ATTORNEYS AT LAW

2550 M STREET, NW
POST OFFICE DRAWER 19106
WASHINGTON, D.C. 20036-9106
Telephone: (703) 255-1566 Facsimile: (703) 255-1567

Manat -
For your
review -
Eugene
Wass

88 JUN 1999

6/3/99

Send to President
Yes
me

Re: Macedonia

Dear Mr. President:

Prime Minister Ljubco Georgievski is visiting Washington, D.C. The Prime Minister feels a critical and urgent message of desperation emanating from his country.

With elections for president, now held by the Socialist-Communist Party, in October the Prime Minister is concerned that the political fallout from the refugee crisis in Macedonia will produce a financial collapse of the current government prior to the election which will reward the opposition. All of the opponents are combinations of socialists-communists. The current president, Kiril Gligorov was elected on the Communist ticket with the open support of the Macedonian and Serbian Communist Parties. Success in the fall elections by the communists would be seen as a repudiation of the current government's alliance with N.A.T.O. and the U.S.

Your immediate attention to this impending threat would show U.S. support for the democratically elected government in Macedonia and would be consistent with our ongoing policy in the region.

Sincerely,



WILLIAM ALEXANDER, Esq.

WA/dd

PLEASE REPLY TO
EXPRESS MAIL ADDRESS
10600 OAKTON RIDGE CT
OAKTON, VA 22124-1647
TEL 703 255 1566
FAX 703 255 1567

ALEXANDER & ASSOCIATES
ATTORNEYS AT LAW

WA/dd

EUGENIE -

THANKS FOR PASSING
THIS ALONG TO THE
APPROPRIATE PERSON.

DEBI

President Bill Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

6299

LAW OFFICES
ALEXANDER & ASSOCIATES
ATTORNEYS AT LAW
2550 M STREET, NW
POST OFFICE DRAWER 19106
WASHINGTON, D.C. 20036-9106
Telephone: (703) 255-1566 Facsimile: (703) 255-1567

JUN 2 1999

WASHINGTON May 31, 1999

President Bill Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Re: Macedonia

Dear Mr. President:

Prime Minister Ljubco Georgievski is visiting Washington this week at the invitation of Vice President Gore. The Prime Minister feels a critical need to meet you in order to convey an urgent message of desperation emanating from the refugee crisis.

With elections for president, now held by the Socialist-Communist Party, in October the Prime Minister is concerned that the political fallout from the refugee crisis in Macedonia will produce a financial collapse of the current government prior to the election which will reward the opposition. All of the opponents are combinations of socialists-communists. The current president, Kiril Gligorov was elected on the Communist ticket with the open support of the Macedonian and Serbian Communist Parties. Success in the fall elections by the communists would be seen as a repudiation of the current government's alliance with N.A.T.O. and the U.S.

Your immediate attention to this impending threat would show U.S. support for the democratically elected government in Macedonia and would be consistent with our ongoing policy in the region.

Sincerely,



WILLIAM ALEXANDER, Esq.

WA/dd

PLEASE REPLY TO
EXPRESS MAIL ADDRESS
10600 OAKTON RIDGE CT
OAKTON, VA 22124-1647
TEL 703 255 1566
FAX 703 255 1567

WA/dd

ALEXANDER & ASSOCIATES
ATTORNEYS AT LAW

President Bill Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Ray J / Ahmed /
Louise G

great advice
Ray - he came along
* better for substance →

TSL

6-3-99

Copied
Johnson
Reed
Ucelli
Podesta



the two sides could not agree on a date for starting negotiations.

The crisis began in early May when a force of about 600 Muslim guerrillas crossed the Himalayas from Pakistan and seized several Indian positions that had been abandoned during the winter. The guerrillas came to join the insurgency against Indian rule in Kashmir, where Muslims are in the majority. The force's size and arsenal which included shoulder-fired antiaircraft missiles and the equipment demanded to reach the 15,000-foot terrain suggested that the guerrillas received Pakistani aid.

This week, the fighting edged upward in intensity each day. India unleashed its Mirage 2000 fighter-bombers to complement other jets and helicopter gunships attacking guerrilla posts. Indian Defense Minister George Fernandes said Indian forces had killed about 470 Muslim fighters and Pakistani soldiers. Both sides accused the other of launching ground assaults along the Line of Control. Along the mountain highway that connects the hard-scrabble hamlets of northern India, many inhabitants said shells fell on their villages. Pakistani officials often insist that they do not fire on villages in Indian Kashmir, on the grounds that they do not want to kill fellow Muslims. But the shells rained on Muslim-dominated towns across Indian Kashmir on Tuesday.

Many villagers expressed hatred for the Pakistani gunners, but others complained that it was the Indian army that invited the shells down on them by setting up artillery posts next to their towns.

"The Pakistanis are shelling because the Indians are here," said Ghulam Mohammed Babar, headmaster of a school in Pandrass, where Indian troops took over several homes Tuesday. "The Indians fire and the Pakistanis have to give their answer."

Just outside Pandrass, Indian soldiers fired their 105-millimeter cannons through the afternoon. The guns let loose a shattering roar that echoed through the vaulted canyons of the Indo-Pakistani border. Their targets were the Pakistani guns about six miles away.

South Lebanon Army Retreats By Rebecca Trownson Los Angeles Times

KFAR FALOUS, Lebanon The South Lebanon Army came under guerrilla attack Tuesday as it retreated from villages in Lebanon's strategic Jezzine enclave, prompting Israel to launch air raids and artillery strikes in support of its beleaguered ally.

The SLA's long-awaited withdrawal from the enclave it has occupied for 14 years is widely viewed as a precursor to an eventual pullout of Israeli troops from a security zone they control in southern Lebanon. But Tuesday's violence put to rest any notion that this test case might be accomplished peacefully, and left some residents of the area newly pessimistic about the future.

It also underscored the difficulty of Israel's task as it begins the process of extricating itself from its two-decade occupation of the 9-mile-deep swath of southern Lebanon. Prime Minister-elect Ehud Barak promised during his recent campaign to withdraw Israeli forces within a year, but has given few specifics.

The SLA, a 2,000-member force trained and financed by Israel, pulled back during Monday night and early Tuesday morning from more than a dozen villages near the Christian town of Jezzine. The move is a prelude to a withdrawal from Jezzine itself, which could occur as early as Wednesday.

The militia commander, Gen. Antoine Lahad, announced on Monday the withdrawal from the enclave just north of the security zone. The SLA, which has been hard hit by increasing Hezbollah guerrilla attacks and demoralized by talk of an Israeli departure, "could no longer endure more slow deaths," he said.

As the SLA began the pullout, sending convoys of militiamen and equipment south from Jezzine, Hezbollah guerrillas set off three roadside bombs, killing two militiamen and wounding another.

Israel retaliated with a series of air raids and artillery bombardments of suspected guerrilla targets in the Iqlim al-Tuffah area. At midday, exchanges of artillery and mortar fire near this village west of Jezzine echoed across the hills. Israeli warplanes flew overhead, dropping bombs that sent plumes of smoke into the sky.

Israeli planes also hit the Bekaa Valley northeast of Jezzine. Three Syrian workers reportedly were injured, along with a Lebanese soldier.

Two Israeli civilians were later wounded in what authorities said was a Hezbollah mortar attack on an Israeli army post in Galilee near the border with Lebanon.

Nadim Salem, who represents Jezzine in the Lebanese parliament, said the day's violence was causing the mood to shift from hope to pessimism within the community.

"The atmosphere in Jezzine is an atmosphere of fear. On Saturday, there was a breeze of optimism, but now it's the other way around," said Salem, a former minister of industry and trade. "The (Israeli) evacuation is coming but we hope it will pass without any more problems for people who have suffered for 14 years."

But not all were worried, with some residents celebrating the end of Israeli occupation.

At a checkpoint near here, Fouad Issa, 45, and his brother, Mourad, 32, who visited their parents Tuesday in a nearby hamlet, said the withdrawal restored their hope of a better life. Almost immediately, Fouad said he plans to reopen his Jezzine restaurant and nightclub, which has been closed for four years.

"Now I will open it; let the music play," he said, describing the region as "liberated."

Tuesday's violence, including the Hezbollah mortar strike on the Galilee, was prompting concern in Israel, where outgoing Prime Minister Benjamin Netanyahu convened an emergency meeting of his security cabinet to discuss the escalation.

Israel had hoped for a peaceful pullback of the SLA as a sign of how a wider withdrawal from southern Lebanon could play out. But late Tuesday, Israeli officials clearly appeared worried at the level of hostilities, and a high-level team of security advisers was dispatched from the Netanyahu meeting to brief Barak.

BROWNSTEIN COMMENT: Minorities' Home Ownership Booms Under Clinton By Ronald Brownstein Los Angeles Times

WASHINGTON It's one of the hidden success stories of the Clinton era. In the great housing boom of the 1990s, black and Latino homeownership has surged to the highest level ever recorded. The number of blacks owning their own home is now increasing nearly three times as fast as the number of whites; the number of Latino homeowners is growing nearly five times as fast as that of whites.

These numbers are dramatic enough to deserve more detail. When President Clinton took office in 1993, 42 percent of blacks and 39 percent of Latinos owned their own homes. By this spring, those figures had jumped to 46.9 percent of blacks and 46.2 percent of Latinos.

That's a lot of new picket fences. Since 1994, when the numbers really took off, the number of black and Latino homeowners has increased by 2 million. In all, the minority homeownership rate is on track to increase more in the 1990s than in any decade this century except the 1940s, when minorities joined in the wartime surge out of the Depression.

This trend is good news on many fronts. Homeownership stabilizes neighborhoods and even families. Housing scholar William C. Apgar, now an assistant secretary of Housing and Urban Development, says that research shows homeowners are more likely than renters to participate in their community. The children of homeowners even tend to perform better in school. Most significantly, increased homeownership

allows minority families, who have accumulated far less wealth than whites, to amass assets and transmit them to future generations.

What explains the surge? The answer starts with the economy. Historically low rates of minority unemployment have created a larger pool of qualified buyers. And the lowest interest rates in years have made homes more affordable.

But the economy isn't the whole story. As HUD Secretary Andrew Cuomo says: "There have been points in the past when the economy has done well but minority homeownership has not increased proportionally." Case in point: Despite generally good times in the 1980s, homeownership among blacks and Latinos actually declined slightly, while rising slightly among whites.

All of this suggests that Clinton's efforts to increase minority access to loans and capital also have spurred this decade's gains. Under Clinton, bank regulators have breathed the first real life into enforcement of the Community Reinvestment Act, a 20-year-old statute meant to combat "redlining" by requiring banks to serve their low-income communities. The administration also has sent a clear message by stiffening enforcement of the fair housing and fair lending laws. The bottom line: Between 1993 and 1997, home loans grew by 72 percent to blacks and by 45 percent to Latinos, far faster than the total growth rate.

Lenders also have opened the door wider to minorities because of new initiatives at Fannie Mae and Freddie Mac the giant federally chartered corporations that play critical, if obscure, roles in the home finance system. Fannie Mae and Freddie Mac buy mortgages from lenders and bundle them into securities; that provides lenders the funds to lend more.

In 1992, Congress mandated that Fannie and Freddie increase their purchases of mortgages for low-income and medium-income borrowers. Operating under that requirement, Fannie Mae, in particular, has been aggressive and creative in stimulating minority gains. It has aimed extensive advertising campaigns at minorities that explain how to buy a home and opened three dozen local offices to encourage lenders to serve these markets. Most importantly, Fannie Mae has agreed to buy more loans with very low down payments or with mortgage payments that represent an unusually high percentage of a buyer's income. That has made banks willing to lend to lower-income families they once might have rejected.

But for all that progress, the black and Latino homeownership rates, at about 46 percent, still significantly trail the white rate, which is nearing 73 percent. Much of that difference represents structural social disparities in education levels, wealth and the percentage of single-parent families that will only change slowly. Still, Apgar says, HUD's analysis suggests there are enough qualified buyers to move the minority homeownership rate into the mid-50 percent range.

The market itself will probably produce some of that progress. For many builders and lenders, serving minority buyers is now less a social obligation than a business opportunity. Because blacks and Latinos, as groups, are younger than whites, many experts believe they will continue to lead the housing market for years.

But with discrimination in the banking system not yet eradicated, maintaining the momentum of the 1990s will also require a nudge from Washington. One key is to defend the Community Reinvestment Act, which the Senate shortsightedly voted to retrench recently. Clinton has threatened a veto if the House concurs.

The priority may be to ask more of Fannie Mae and Freddie Mac. The two companies are now required to devote 42 percent of their portfolios to loans for low- and moderate-income borrowers; HUD, which has the authority to set the targets, is poised to propose an increase this summer. Although Fannie Mae actually has exceeded its target since 1994, it is resisting any

hike. It argues that a higher target would only produce more loan defaults by pressuring banks to accept unsafe borrowers. HUD says Fannie Mae is resisting more low-income loans because they are less profitable.

Barry Zigas, who heads Fannie Mae's low-income efforts, is undoubtedly correct when he argues, "There is obviously a limit beyond which (we) can't push (the banks) to produce." But with the housing market still sizzling, minority unemployment down and Fannie Mae enjoying record profits (more than \$3.4 billion last year), it doesn't appear that the limit has been reached.

All signs point toward a high-velocity collision this summer between two strong-willed protagonists: HUD's Cuomo and Fannie Mae CEO Franklin D. Raines, the first black to hold the post. Better they reach a reasonable agreement that provides more fuel for the extraordinary boom transforming millions of minority families from renters into owners.

Suspicion of Foreigners Leads to Rights Crackdown at Home

By Paula R. Newberg
Special to the Los Angeles Times

Monday, the Pakistan Supreme Court takes up an extraordinary habeas corpus appeal for an internationally recognized journalist abducted by the government three weeks ago. It does so just as Pakistan's relations with its usual allies and donors, already frayed after nuclear tests last year and a recent crackdown on domestic dissent, are increasingly strained by policies that encourage human-rights abuse. With diplomatic leverage weakened by a long list of unresolved foreign-policy disputes and real differences in attitudes toward democratic development, the Supreme Court has become the last potential protector for Pakistan's citizens.

In one sense, this is as it should be: Domestic political conflicts are best settled through legitimate local institutions. But like many other struggling democracies, Pakistan has long shaped its politics when it thought to be developing biological weapons for use in after in response to a wide range of outside opinions, calibrating its policies to account for the interests of donors, investors and military suppliers. The strongly worded sentiments of the current government, which recently told Washington to abstain from commenting on its politics, belie a history of accommodation. Equally important, diplomatic choices appear to be diminishing: Weak relations with a weak state underscore the dangers of isolating a nuclear power, while undermining the prospects for constructive engagement. The resulting diplomatic confusion and political disarray carry grave risks for Pakistan and its citizens.

The Supreme Court meets in a fractious environment. Habituated to the efforts of past governments to use the judiciary as an instrument of partisan politics, it has crafted a cat-and-mouse approach to those in power by alternately asserting its authority and then appearing to relinquish it. This current case is no exception. The court has decided to rule broadly on the relationship between civilian and military rule, and thus on the future of democracy in Pakistan. If it succeeds and grants habeas corpus, civil rights will return to their proper place as the foundation of society. But if civil liberties continue to be jeopardized by a government intent on consolidating power, foreign governments may not be able protect them.

The recent assault on rights has been colored by Pakistan's profound discomfort with the outside world. Last month, journalists have been threatened, persecuted, arrested and tortured for condemning the government in the presence of foreigners. Thousands of nongovernmental organizations, or NGOs, mostly small social-service groups filling needs the state has ignored, have been summarily banned and their workers maligned for publicly criticizing government policy or for taking foreign donations. Human-rights groups are accused of sedition and immorality.

6-3-99

COVER STORY

Urban schools redevelop pride

Building boom topples barriers to safe learning

By Tamara Henry
and Anthony DeBarros
USA TODAY

CHICAGO — Public school buildings are being demolished, rebuilt, expanded, replaced, restored and spruced up in nearly every corner of this bustling city — more than \$2 billion worth of work in City Hall's effort to boost student achievement.

"Schools are supposed to inspire pride and motivate performance," Mayor Richard M. Daley says.

Before a five-year program was launched for the nation's third-largest school district in January 1996, thousands of students sat in dilapidated buildings. Leaking roofs forced teachers to play shell games with water buckets. Drafty windows in classrooms kept students in coats, hats and gloves.

"Today," Daley boasts, "we are turning school buildings into places kids can be proud of — places where kids feel safe to learn and play."

Across America, particularly in metropolitan areas like Chicago and its suburbs, the nation is rebuilding its school system.

A USA TODAY computer analysis finds that after a post-baby-boom lull in the 1980s, spending on construction is at a higher level than at any time since the early 1970s, fueled by everything from computers in the classroom to the push for smaller classes.

A survey by industry magazine *School Planning & Management* found that districts spent more than \$15 billion on school construction completed in 1998, up 27% since 1989 in inflation-adjusted dollars. The greatest boost, though, has been in spending on new schools. At \$7.9 billion in 1998, the total is up 64% since 1989, adjusted for inflation.

That's a sharp turnaround from the '70s and early '80s, when the end of the baby boom left classrooms empty and recession-weary voters repeatedly rejected tax increases.

"There was relatively little building of any kind going on in the mid-'70s," says education consultant Paul Abramson, who conducts a construction survey for *School Planning & Management* magazine. "As we began to move into the '80s and the population began coming back, people were not ready to build new (schools) again. We had just been closing schools."

The '90s building boom has many faces.

USA TODAY's analysis finds the results range from a two-room, \$750,000 schoolhouse for 18 pupils in Yosemite National Park to a 530,000-square-foot, \$75 million high school in Chesterton, Ind., complete with an indoor swimming pool and a 95-acre campus.

Even more ambitious projects are under way nationwide:

► California is in the midst of a four-year, \$9.2 billion school construction and renovation program that officials say will accommodate 269,784 new students over the next five years.

► The Charlotte-Mecklenburg County school system — the largest in North Carolina, with 100,000 students — is in the early stages of a \$534 million building program, driven by rising enrollments and repair needs.

► New York City, which has spent \$7 billion in 10 years on school construction, reached a record this past year with \$1.1 billion in renovations and other school building projects. The school system is under a court order to eliminate hazardous school conditions and fulfill a responsibility to inspect, maintain and repair its 1,200 school buildings.

Tech fuels building boom

But even with so much construction under way, experts agree that the nation has a long way to go to bring many school facilities up to acceptable levels. The federal government, in a 1996 study, put the price tag on renovating the nation's schools at \$112 billion.

Despite the cost, the buildings are going up in record numbers because of four trends that will keep hammering pounding well into the new millennium:

► Enrollments are soaring as the children of baby boomers — the "echo boom" that saw births peak in 1990 — move through elementary school and into the higher grades. More than 46.8 million children attended public schools this year, up from 39.2 million in 1984. And the federal government projects increases through at least 2006.

That kind of growth, says the National Center for Education Statistics, will create the need for 6,000 new schools by 2005.

► Buildings are aging, casualties of deferred maintenance and obsolescence. The National Center for Education Statistics says 29% of schools built before 1970 haven't been renovated in almost 20 years. A 1998 study found that the nation's average school building was 42 years old.

► Technology is placing demands that older buildings can't meet. Out-

dated wiring and small rooms constructed before the computer age are prompting districts to build technology centers or design schools with the Internet at their core.

► The push to reduce class sizes and add special-education programs has taxed buildings. Districts not only need more classrooms; they need rooms that can be used for special purposes.

"This is a very steady, controlled boom," says economist Robert Murray of F.W. Dodge, a division of McGraw-Hill that tracks the construction industry. "And there's still upward potential."

Since 1996, 10 new schools have been built or are under construction in Chicago.

Other projects in the city include 23 additions (buildings attached to the original structure) and 27 annexes (buildings not attached to the

original structure).

There are 309 new roofs and 308 schools with new windows; 188 play lots and 53 parks have been added to school campuses.

With the school system's student population at 430,000, Daley says the immediate needs are to reduce overcrowding and improve the learning environment at the city's 589 schools.

"We've added enough new classrooms to the system to make room for another 18,000 students," he says.

Fixing 30 years of neglect

The school construction project is the largest in Chicago's history, as most of the school buildings have been "neglected for 30 years," says Paul Vallas, the school system's chief executive officer, who serves as superintendent. Most of the money comes from the city; some comes from the state.

Chicago schools had reached a crisis: Half the district's schools are more than 50 years old, and about 100 are 75 to 100 years old.

The ancient school sites "look like the newsreels from Soweto, South Africa — shantytowns — and guess where they're located? On the West Side, the South Side, just absolutely in the poorest areas," Vallas says.

At the 82-year-old Rachel Carson Elementary School building, Rosa Alvarez, a third-grade bilingual teacher, says: "I always thought it was a black cloud over us. It was a cloudy day every day walking in."

The 1,250 pupils from pre-kindergarten through eighth grade were unable to see outside because the school's windows are plexiglass — dubbed "glaucoma windows" by Vallas. "The longer you have them, the less you can see out of them."

In addition, Alvarez says, "we were like a can of sardines" because her 28 pupils occupied a "closet-size classroom" that required them to store their coats and sweaters in cabinets.

"It was very difficult to teach, and I know it was difficult for students to learn."

Half of Carson's pupils now are housed in a new building constructed next door to the old building; the other half are in the old building, which has been renovated.

"It's heaven" in the new building, Alvarez says. "Just the learning is incredible. The children are motivated to come in. That really helps a lot, to have a classroom where you have windows with a nice view outside. The sunshine comes in."

Other schools targeted for Chicago's capital improvement program had been so overcrowded that classes were held in hallways, under stairwells and in auditoriums and closets. Science and some other courses were taught from carts pushed from room to room.

Students told Vallas, during a visit

to one of the new schools, "We used to live in a dungeon, and now we live in a castle."

Before all the school improvements could take place in Chicago, however, the political landscape had to change significantly, officials say.

There were nine teacher strikes between 1969 and 1987. Before any building could be done, Vallas and Gery Chico, the school board president, worked out a labor agreement that satisfied not only the teachers, but also female and minority contractors. The Illinois Legislature gave Daley complete control over the school system in 1995.

Others say the federal government needs to take more responsibility for school construction needs. Players such as former senator Carol Moseley-Braun, D-Ill., have pushed bills in Congress to help in school construction, but none has passed.

President Clinton has identified school construction as a national priority. And he should, says Joe Agron of *American Schools & University*.

The nation will need 100,000 new classrooms to accommodate the 100,000 new teachers Clinton is pushing to hire to reduce class sizes, Agron says.

As a result, Chicago officials feel strongly that the federal government needs to take a more direct role in meeting school construction needs.

"If you're going to help the people of Kosovo, the people of South America, Africa and Asia, yes, the federal government should help with school construction," Daley says. "Our greatest resource in society is education — our brains, not our muscles. ... If there's an extra \$5 billion, wouldn't it be good to help a rural school put a biology and computer lab in, a science lab in?"

Taxpayers more apt to support a new school all can use

By Anthony DeBarros
USA TODAY

Schools have found a way to get voters behind construction projects: create buildings that double as community centers.

The move, coupled with aggressive public relations, comes as districts realize that taxpayers want more access to the buildings they're asked to finance. In some cases, making the school available to the community has helped pass a bond referendum.

Among the efforts:
► In Manhattan, Mont., the library at the new Manhattan High School stays open to the public until 8 p.m. Also in the school is an activity room used for church services, meetings and wedding receptions.

► In McKinney, Texas, a club operates afternoon day-care centers in several new elementary schools. Community groups use the high school swimming pool.

► In Beaufort, S.C., the school district started branches of the county library at elementary schools in remote areas.

"When the community builds

schools, the community needs to use schools," says John Williams, communications director for the Beaufort County School District. "For us to use them between 7:30 a.m. and 4 p.m. and then lock the doors is unreasonable."

Voters apparently are warm to the idea. In Manhattan, a bond referendum to build the high school failed twice, but it

passed on the third try after the public library proposal was added.

"We needed to find what the community wanted to support," Manhattan schools superintendent Ramona Stout says.

And in McKinney, where a typical week finds schools used by theater troupes, churches and even students from neighboring towns, 84% of voters

said yes to a \$90 million bond in 1997.

"We design into them the ability for other people to use our facilities," says Wyndol Fry, who oversees facilities and construction for the McKinney Independent School District. Years ago, he says, "we used to lock the building down, and nobody got into that thing. That isn't the case any more."

Building can't keep pace with students

By Anthony DeBarros
USA TODAY

In the race to handle enrollment growth, some school districts are running hard just to stand still.

Despite billions being spent on dozens of new schools, the flood of students pouring into districts in Las Vegas, south Florida and Raleigh, N.C., means some children there still learn in trailers.

"We have a long way to go before we get out of an overcrowded situation," says Paul Phillips, the chief facilities officer for Miami-Dade County Public Schools.

With 8,000 to 12,000 new students a year — a combination of immigration and the echo baby boom — Miami-Dade has spent more than \$2.3 billion since 1988 on 60 new schools and dozens of renovations. It ranked third among the nation's builders of school space, according to a USA TODAY analysis of data from F.W. Dodge.

Even so, about 60,000 students, one-sixth of the district, go to class in portable trailers.

"Sometimes, you can't see any light at the end of the tunnel," Phillips says.

Miami-Dade is one of about two dozen school districts that each built more than 1 million square feet of school space between January 1994 and June 1998, according to the F.W. Dodge data. Without exception, the districts are either in urban or suburban locales where rapid population growth, migration or a booming economy has created a demand.

In Las Vegas, the fastest-growing metropolitan area in the USA, the 203,000-student Clark County School District builds "the equivalent of a new elementary school every 30 days," superintendent Brian Cram says.

Voters have approved more than \$1.8 billion in bond funding since 1988 for renovations and 98 schools. The district ranked No. 1 in new school construction between 1994 and mid-1998. Even so, the district plans to spend \$3.5 billion on 88 more schools by 2008.

"We just have profound growth," Cram says.

To get schools ready quickly, some districts rely on prototype designs, in which all schools are built the same. Clark County has one standard design each for elementary, middle and high schools.

"We're in such a rush, we cannot afford to go with individually designed schools," Cram says.

The practice trims four to six months off the two to three years it takes to build a school. But some see a downside: With little variety, residents may view a school as just another building rather than a central part of the community.

"If it were a pure cookie-cutter design and every building looked the same, the community's identification with the building would not be very strong," says architect Peter Samton, whose New York City firm, Gruzen Samton, designs schools, including prototypes. "It becomes like a post office building — something that really isn't theirs."

There are other pains for fast-growing districts:

► **Finding teachers.** Miami-Dade hires about 1,000 teachers a year. There's a ready supply, but finding math and science teachers remains a challenge. People with those skills "can go to a corporation and make more money," deputy schools superintendent Henry Fraind says.

► **Moving students.** Adding a school means districts must reassign students by redrawing boundaries.

"No one likes to move," says Wake County, N.C., associate superintendent Ray Massey. "Often what parents feel is that those who were here first get assigned out. It can pit subdivision against subdivision."

► **Labor shortages.** Districts in fast-growing areas pay a premium for labor because they're up against higher-profit residential and industrial building. "We're competing against a construction market that's on fire," Clark County superintendent Cram says.

Learning built into future schools

High-tech classrooms combine past, present

By Tamara Henry
USA TODAY

HAMMOND, Ind. — Whether it's learning in groups, powering up multimedia computers or teaching several subjects in one lesson, Maywood Elementary School is ready for the challenge.

The design of the \$9.5 million school, built three years ago, incorporates a variety of education concepts and trends to prepare the 540 pre-kindergarten through fifth-grade students for today's fast-paced, high-tech society, says Bob Flach, assistant superintendent of business for Hammond's public schools in northwest Indiana.

In short, the building is the prototype of what architects and educators want the new millennium's schools to be.

Among its design highlights:

- Separate, color-coded clusters of rooms in different wings of the building allow students to be grouped by age. The pods, each with eight classrooms, allow multiage activities while giving students a sense of community. Current educational research says multiage learning and "school within a school" concepts boost academics and get students adjusted to school.

- School desks are adjustable to accommodate growing students and hold a textbook, notebook and computer. In the past, desks barely held a textbook and a notebook. Detachable desk drawers allow students to move around the room without moving furniture.

- Collapsible walls between classrooms enable teachers to team up for interdisciplinary studies, combining several subjects into one lesson. They also can direct joint projects for groups of students, known as cooperative learning. Classrooms are 400 square feet larger than traditional rooms, so students can move about freely.

- Energy-saving motion detectors operate the lights, toilets and faucets in bathrooms.

- Cable lines connecting cameras for surveillance to

keep the building secure also allow students to view faraway programs and speakers.

In the old days, kids not only might have had spelling, science and math from the same teacher, but they would have been forced to sit at cramped desks in rows while the teacher lectured. With the team approach, kids often have lessons with more than one teacher at a time.

Obsolete ideas

Educators and architects agree that the traditional one-size-fits-all approach to school buildings is obsolete.

"If you are going to spend a lot of money to renovate or build a new school, it should be an opportunity to rethink what you are doing inside the school and not just put up new walls

and build the same kinds of new classrooms — rethink how the day is scheduled, how time is allocated, the size of classrooms, access for the community and school resources," says Daniel Duke, director of the Thomas Jefferson Center for Educational Design at the University of Virginia in Charlottesville.

Duke acknowledges the challenge of designing for the future with the present in mind.

That's not a problem at Maywood, kindergarten teacher Katherine Stahl says.

"This is the most child-friendly building I've ever been in," Stahl says. It can accommodate "most of what we've had in the past and a lot of what we see in the future. I can't imagine in my lifetime being limited by this building."

The building was designed with community use in mind, too. A 300-person design team developed the blueprints. Community leaders made certain that two playgrounds were built, so younger and older students could play safely with their peers even after school hours.

Security and safety

With security and safety a national concern, police and fire department officials on the design team insisted on 9-foot-wide sidewalks around the building to give emergency vehicles easy access and to help custodians save on overtime by using pickup trucks for snow removal.

Teachers also have more control of the environment, including the heat and air conditioning in individual rooms.

Heat pumps spew geothermal heating.

In addition, the building is positioned so that skylights admit sunlight into the entire building at some time during the day.

Even having enough electrical outlets is a big plus, Stahl says. "I came from a building that had one. Either you had a record player that day, or you had a computer that day, or you had the tape recorder that day. The fact that we have electrical outlets everywhere (allows) for all children to have access to technology."

Risks are involved when districts design schools around current trends in education theory, says architect Michael Hall of Fanning/Howey Associates, who specializes in education facilities.

"There are trends that run through education that are tried out and abandoned on a regular basis," Hall says.

"The open classroom in the '70s was one of those. Ten years after we did all the open-classroom buildings, then we were hired to come back and put walls in again" because students were often distracted by noise outside their rooms.

Flexibility is key

"The biggest thing that we are doing to accommodate fads and trends is to maintain as much flexibility in the physical environment as we can," Hall says. "We encourage clients to not physically build in permanent counters and cabinets. We also have a plethora of electrical and data outlets so that the classroom can be reconfigured without having to spend a lot of remodeling dollars."

Hall warns that "school designs are not equal" and says some are merely a "dress-up of the same design that's been done since the 1950s."

Architect Steven Binger of Concordia Architects in New Orleans agrees. But he envisions schools that operate away from traditional building environments, such as at museums and zoos or in bank buildings.

One of Binger's many designs is a high school in Iuka, Miss., that doubles as a community center. Its gym is a public fitness center, and the cafeteria is a town meeting hall.

"The kids say they like it because it doesn't feel as much like prison," Binger says. "If it was, they say, 'all these grown-ups wouldn't be around here.'"

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THE PRESIDENT HAS SEEN

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No Deals With Milosevic

The indictment of Serbian leader Slobodan Milosevic by the U.N. War Crimes Tribunal provides welcome news for the millions of surviving victims of his aggression. It constitutes a major step toward justice for the principal architect of genocide in Bosnia, Croatia and Kosovo. It will also promote stability in the Balkans by increasing Milosevic's international isolation, while decreasing his ability to maneuver.

The tribunal could and should have indicted Milosevic five years ago. Throughout this period, the Clinton administration has never called publicly for an indictment or stated publicly that, in its judgment, Milosevic is a war criminal. The tribunal is therefore to be commended for taking this action even in the absence of U.S. leadership.

Judging by its response to the indictment, the administration seems prepared to continue efforts to obtain a compromise Kosovo settlement with Milosevic. Contrary to reports that The Hague tribunal's move will complicate diplomatic efforts, the administration is moving blithely ahead as though the indictment had never happened.

The administration should immediately abandon its current, ill-conceived diplomatic strategy. As the tribunal has recognized with the legal force of an indictment, in the past three months Milosevic has orchestrated the murder of thousands of Kosovar Albanian civilians, the forcible seizure and possible murder of more than 100,000 others, and the expulsion of more than a million more.

It would therefore be incomprehensible for the administration to offer Serbia a deal that contains terms that are equal

or more favorable to Milosevic than the terms he rejected at Rambouillet immediately before the massive attacks. Yet this is precisely what appears to be happening. Even to sit down and negotiate terms with an indicted war criminal would be a blow to American moral leadership, a travesty of justice and a slap in the face of the tribunal. It would also let other potential indictees know that, rhetoric aside, the United States will not let war crimes get in the way of an eventual deal. More immediately, it would strengthen Milosevic politically, thereby working directly at cross purposes with the war crimes indictment and stated U.S. policy objectives.

Instead, the United States must immediately close all diplomatic channels to Milosevic and insist that Russia and other Serbian allies cease all contact with him—unless such activity is connected to his arrest. Dispatching a proxy to Serbia may avoid the unpleasant image of a top U.S. envoy engaged in meaningful dialogue with the butcher of Belgrade, but morally, it is no different from direct talks.

In any case the United States should have nothing to say to Milosevic. The administration has stated that it is willing to have further contacts "if they are necessary to achieve our objectives." Such contacts are not necessary. NATO's original objectives were for all Serbian forces to withdraw from Kosovo and for all Kosovar Albanians refugees to return to their homes and be able to govern themselves under the protection of a robust NATO force. These should be non-negotiable and should therefore be delivered to Milosevic as demands: He can accept them willingly, or NATO will

achieve them through force. No special envoys, negotiations or meetings are needed.

The indictment also necessitates an escalation of our goals: Milosevic must be removed from power. The administration cannot reasonably expect the Kosovar Albanian deportees to return to Kosovo with an indicted war criminal—and the very man who attempted to destroy them and their society—as the guarantor of their security. It must also understand that dealing with Milosevic and leaving him in power would condemn Serbia to a hopeless, undemocratic future under the leadership of an isolated despot trapped within its borders.

Finally, the United States must lead its NATO allies in bringing Milosevic to justice. Democratization and the defeat of Serbian nationalism in Bosnia have not been possible in part because leading war criminals have remained at large. This mistake must not be repeated in Serbia. The United States and its allies must arrest Milosevic and transfer him to The Hague for trial.

For eight years, Milosevic has carried out genocidal policies that have made him an international pariah. At long last, the U.N. War Crimes Tribunal has given legal weight to this reprobation. Rather than negotiating with Milosevic, the United States should reinforce the principles of justice embodied in the new indictment by purging Serbia of the source of its ruin.

The writer, former Senate majority leader, was the Republican candidate for president in 1996.

E. J. Dionne Jr.

Once a War Zone, Now a Park

The park behind Benning Terrace, a housing project in Southeast Washington, was once a place where anyone who dared enter risked being shot. The graffiti, said David Gilmore, the receiver of the D.C. Housing Authority, once read: "You are now entering a war zone."

So why were hundreds of kids gathered there amid a sea of red and yellow balloons on Thursday dancing to music? Why had the same young people scurried around earlier to paint houses, plant flowers, help seniors do their spring cleaning and build a brand new playground?

A peaceful revolution is taking place all over the country. It's a revolution against cynicism, despair and selfishness. The celebration in the park at Benning Terrace—and the hard work that preceded it—was organized by City Year, a group that has put thousands of teen and twentysomething volunteers into neighborhoods around the country to do simple but fundamental work rebuilding communities, and community.

Ah, middle-class do-goodism, you say dismissively. Nope. A large share of the volunteer force on that sunny day came right out of the neighborhood, kids with a powerful stake in planting, building and painting.

The work of reclaiming Benning Terrace was begun long before by local groups, among them the Alliance of Concerned Men. Many in the alliance are ex-offenders who want to save kids from going the same way.

A couple of years ago, in the very place we were standing, "the kids weren't coming out playing, the women weren't on the street, the elderly weren't sitting on the

porches," said Tyrone Parker, a founder of the alliance.

"What you're seeing today is what could occur if you give it the opportunity to happen," he said proudly. "This is an expression of communities coming together, including outside communities, committed to people as a whole—all different nationalities and races."

Two large forces are at work in the country creating change for the better. One is neighborhood activism. The other is community service, dedicated young people—many of them receiving modest stipends from the federal government's AmeriCorps program—willing to spend a year or more making a small piece of the world better.

We praise entrepreneurs these days. Here are social entrepreneurs, some of whom gathered around a wooden table in the park to tell their stories.

Jason Pendrock, 19, works on a City Year project in Philadelphia called the Greater Philadelphia Book Bank. It collects volumes that would otherwise be thrown out or shredded and gives them away. The books go to children, church libraries, teachers who pass them on to students. The group, Pendrock said, has collected and warehoused 2 million volumes. Move over, Amazon.com.

Nobody is too young to serve. Twelve-year-old Edwin Santiago, who goes to the Roberto Clemente Middle School in North Philadelphia, didn't like the condition of his neighborhood. So he joined a City Year project. "We sweep the streets and plant some stuff," he said. "I just felt like helping people and just started to do it."

Nikki Tabron, 22, worked in an after-school program at the Boys and Girls Club in Columbia, S.C., mentoring kids and getting them to do their homework. Caring about somebody actually works. "They know we're proud when they're doing their homework," she said.

And forget about those expensive sensitivity training consultants. You want to heal racial divisions? Get people to work together. "I've seen gang members join the corps," Tabron said, using the Marine terminology City Year volunteers prize, "who didn't like people of different colors." Their racial animosities went away, she said, after a year of labor in a common endeavor.

"There are very few places in America where people come together across racial lines," said Michael Brown, a founder of City Year, and national service is one of those few. Robert Lewis Jr., Boston City Year's executive director, carries memories of a grandfather killed by the Ku Klux Klan. "I wanted to be part of something that united people and didn't divide people."

After the Columbine High School tragedy, said Alan Khazai, City Year's other founder, "the whole country has been wringing its hands about what we should do for young people." The answer, he argues, is already there, and it lies in promoting service.

"Everyone is saying: 'What do we do for our children?'" says Brown. "It's time we ask something from our children." What kids crave is responsibility and a sense of power, he says. It is not at all paradoxical that they gain both by serving others.

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THE WHITE HOUSE
WASHINGTON

June 1, 1999

Taibi Kahler
Kahler Communications, Inc.
1301 Scott Street
Little Rock, Arkansas 72202

Dear Taibi:

Thank you for your wise letter -- I'm so glad you took the time to write and share your views and suggested strategies on youth behavior.

I value your input and have passed along your letter to Bruce Reed, the Director of the White House Domestic Policy Council, for his review. I'm pleased that you're interested in participating in our national campaign to prevent youth violence. He will follow up with you.

Thanks again. It was good to hear from you.

Sincerely,

Bruce

*Great letter! We'll
be in touch.*

Taibi Kahler
Kahler Communications, Inc.
1301 Scott Street
Little Rock, Arkansas 72202



Kahler Communications, Inc.
International Management Communication

May 21, 1999

The President
The White House

Dear Bill,

Today, one month after the Littleton tragedy, I just heard that several more students were shot at another high school in Georgia.

You once commented that you considered me the most knowledgeable person you knew about human behavior and personality dynamics. Let me help.

Youths who are committing these horrible offenses are clearly disturbed. The crucial questions are: "Why are they doing it?" And, "What can be done?" As to the former, whether these students are chemically/neurologically/clinically disturbed or not, their behaviors are clearly tied to an extreme drive to get negative psychological needs met. (And I am not discounting chemical or neurological dysfunctioning. I am an admirer of the valuable work of such researchers into the workings of the brain as Dr Daniel Amen, clinical neuroscientist and adolescent psychiatrist. We may be collaborating soon.) As such, intervening strategies will be ineffective so long as they do not address how to provide a way for these, and all other similar young people to get their basic psychological needs met in their lives positively.

All behavior has meaning.

To the question what can be done, prevention is the key. We have proved with dissertations and longitudinal research how to help children get their needs met positively, so that they do better in school, better at home, and better in the community. We teach the child how to get needs met positively, we teach the parent how to support the child, we teach the teachers how to motivate the child, and we teach mentors how to connect with the child.

I have trained hundreds of people (for Billie Anne Myers) to be mentors in your National Volunteers program. We have trained hundreds of staff members of Boys & Girls Clubs of America with great success for the children. Mentoring programs include the value of Process Communication Model (PCM) with at risk kids in Atlanta, by training the Hundred Black Men of America in how to connect and motivate "their kids." In their view, the most beneficial results of PCM was in reducing hatred, changing attitudes, and providing positive models for conflict resolution.

We have touched thousands of students and teachers, with wonderful results: grades increased, violence decreased, communication increased, etc., accolades such as

1. Cc: Bruce Fiedler
a friend of the President's
2. EB
Reply

Superintendent of the Year Award in Arizona and Teacher of the Year Award in Tennessee.

For twenty years I worked monthly with the Parent Educator at Brevard Community College in Florida, who in turn taught PCM to more than 20,000 parents of children, ages two to five, in their daycare centers (lab schools). This insured that the parents knew how to provide positive alternatives when dealing with their children. So, over the years, these children had no "need" to resort to extreme (conscious or unconscious), negative behaviors in order to survive/get attention.

What can we do?

- 1.) Take this opportunity to call upon Americans to work together for the sake of our children. ("Help Our Children - - Save Our Nation" "Touch A Life - - Change A Generation").
- 2.) No one approach will be successful (i.e., train just the teachers, just the parents, just the mentors, just the kids): There must be a collaborative effort that insures a consistent, on-going, individualized plan of action for each child, implemented at home, at school, and with a "significant other" mentor.
- 3.) Co-ordinate through a new organization, or one like the PTA, a training program for the: child to understand himself/herself, how to get needs met positively, etc.; parent to learn how to connect with, motivate, and (understand) deal with negative behaviors in positive ways; teacher to shift into each child's frame of reference in order to help him/her learn in the ways best suited for their personality structure needs, mentor [we have learned how important this piece is] who can be matched with a similar personality type child in order naturally "to talk their talk and walk their walk." This positive mentor serves to supercede the negative payoffs of being in a gang.

Again, let me emphasize that we are seeing symptoms, not the "problem". Symptoms don't "go away" until what is needed positively can replace them. The problems we are seeing have to do mainly with personality type psychological needs not being met by the child, from the parent, from the teacher, from a mentor, and/or from their friends.

Each child will have an all-consuming psychological need. If we do not find ways of helping hem/her meet this need positively, he/she will find ways to get that need met negatively. For example, Promoter phase kids need excitement. If we cannot help arrange healthy ways for him/her to get this need met, then he/she will find negative ways to get the same need met: lying, stealing, gangs, drugs, alcohol, promiscuity, violence, or even murder.

Bill, we can deliver. We can teach intervention techniques, and presentation strategies. We have all these programs and profiles in place. Whoever you turn to for options, please know that the entire world of the child must be considered - - parents, teachers, role models, friends, etc. If we do not have such a unified national campaign for the sake of our children (and quite frankly, for the sake of parents and educators), this problem will get worse!

No other model identifies what a child needs, how to provide the "right" motivation, or how to deal with his/her negative behavior. PCM even predicts what a child will do negatively in order to get attention. (That was the reason Dr. McGuire, the interviewing psychiatrist at NASA hired me to help select the astronauts back in 1978 - - PCM accurately predicts the pattern of distressed behaviors that people will do, even smart people like the astronauts). Let us help you. We will provide services at reduced costs. Perhaps we could get private or government funding so that we can also continue our research on the personality dynamics of these kids.

THE GUN CULTURE How can we help you change the gun culture? You have a better idea, perhaps, than I do of how we can be of use. Some people will never listen, never change. But some can be reached, particularly if you "talk their language" and match their motivational frame of reference.

Our Vice President, and PCM distributor in Washington, Joe Pauley, would be proud to be involved, as would I and others. [You met Joe when his daughter Cecilia gave a key-note speech at the reception for the signing of I.D.E.A. in June 1997. She announced to you that she was a Rebel personality type, and you related to Secretary Riley that I had done valuable work in the field of education. [Joe retired from a Government Agency after 30 years of service to our country].

Here are a few ideas for your consideration:

- 1.) We could work with groups nationwide in preparing material to support a culture change.
- 2.) We could train those who will be making presentations to organizations in an effort to bring about change so that they will be more effective and persuasive in their presentation and in dealing with "distressed" opponents (i.e., handling escalating people).
- 3.) If you form a committee to work on strategies for effecting this change, may I highly recommend Joe Pauley to serve on it.
- 4.) I will, as always, be available to you. Please let me know how I can be of service.

With love and respect to you and Hillary.



Taibi Kahler

TK:kfl

P.S. With the election campaign getting started soon, would you like me to train Al Gore in PCM so that he can easily shift his personality energies to match each situation/person? Or at least do what Senator Max Cleland so wisely did - -had me explain his personality structure to all the people around him in the campaign so that they knew how to communicate with him, motivate him, and understand when he got distressed, for them not to take it personally and to know what he really was needing from them.

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Touching Lives For Generations
1301 Scott Street Little Rock, Arkansas 72202

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We have touched thousands of students and teachers, with grades increased, violence decreased, communication increased, etc

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The Cullinane Group, Inc.

6-3-99

Investors in High Technology Ventures

John J. Cullinane
President

VIA FAX

ATTN: Nancy Hernreich
Fax # 202-456-6703

TO: President William J. Clinton
The White House

FROM: John J. Cullinane *[Signature]*

DATE: May 25, 1999

RE: Internet Proposal -- ParentMediaPower.com

*Copied
HRC
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VP
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Berkhardt
(original)*

*cc: HRC VP
Podesta
Clinton
Liz
New York*

The problem in our society is that corporations have too much influence over our children, and parents not enough. The Internet has the capacity to change this by introducing the buying power of parents and surrogate parents such as universities, public and private school systems, the U.S. government, etc. into the process. The Internet for the first time is going to give power back to parents and surrogate parents in dealing with corporate America and the media, etc. Best of all, it uses the American capitalist system to do it. I have already tested this idea with key buyers and sellers and have received enthusiastic responses. As a result, I have created ParentMediaPower.com.

My entrepreneurial background includes founding Cullinet Software, Inc. which, in 1968, was the first company to specialize in the sale of computer software as a product. In 1978 it became the first software company to have a public offering, in 1983 it was the first software company to be listed on the New York Stock Exchange, and it was the first software company to reach \$1 billion in valuation. Also, I was founding chairman of the Massachusetts Software Council, the Boston Public Library Foundation, and the Friends of Belfast. I also chaired New England Business Executives for Clinton/Gore in 1992.

I'd like to discuss this idea with the key person on your staff and ultimately yourself because you will quickly grasp the potential power of ParentMediaPower.com and how it will impact young people, much like you did when I discussed with you how the Israeli BIRD program could be a model for Ireland and Northern Ireland at a White House dinner for Helmut Kohl a few years ago. It's a concept you could introduce nationally. As confirmation of this concept, Professor Jack Donahue of the Kennedy School of Government and former advisor to Secretary of Labor Robert Reich, has illustrated in his forthcoming book *Confronting Inequality in an Era of Devolution (The Devolution Revolution)* that you can change behavior with the right impetus. He uses sweatshops in the apparel industry as an example.

I am looking forward to hearing from you.



Winchester Gin Company



Staff
Secty

May 26, 1999

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

6/3/99

Send to Burkhardt?

Yes ☒

No ☐

RE: Unacceptable commodity prices

Dear Mr. President:

Commodity prices have become a great concern you can see on the enclosed graphs, prices are 1c years. This is true not only for cotton, but for rice have 1940's prices in the year 1999. We just can't get prices as low as they are. In the United States, cotton is higher than ever and steadily rising. How can a farmer apply fertilizer and chemical when needed, pay for a modernized enough at these prices? Do you know that a 4-row cotton picker costs approximately \$185,000, an 8400 tractor is around \$120,000 and a 12 row planter costs \$40,000?

C

Winchester Gin Company is owned by thirty four people engaged in farming. I speak for them all when I say something must be done to keep farmers alive. If prices do not get any better there will be a **significant** number of farmers filing bankruptcy, this year!

We are grateful for the disaster payments that the U.S. Department of Agriculture is going to issue, but they just cannot keep us going. Many farmers have already been forced to quit farming **waiting** on the disaster payments.

The Freedom to Farm Act is **freedom to go broke** for the American farmer. We have not seen any benefits whatsoever from this Act.

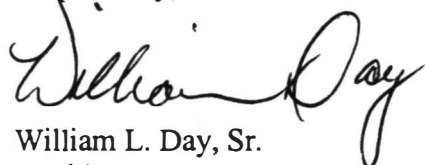
Nancy -

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thought you should check,
first —

77-0099
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I am pleading for the leaders of our Country to intervene and take a stand to keep us alive! We are helping other countries to stay alive when farmers right here in the United States are going under everyday! However, we cannot wait any longer. If something is not done to help the American farmers in the next several months, it will be too late for most of them.

Respectfully,

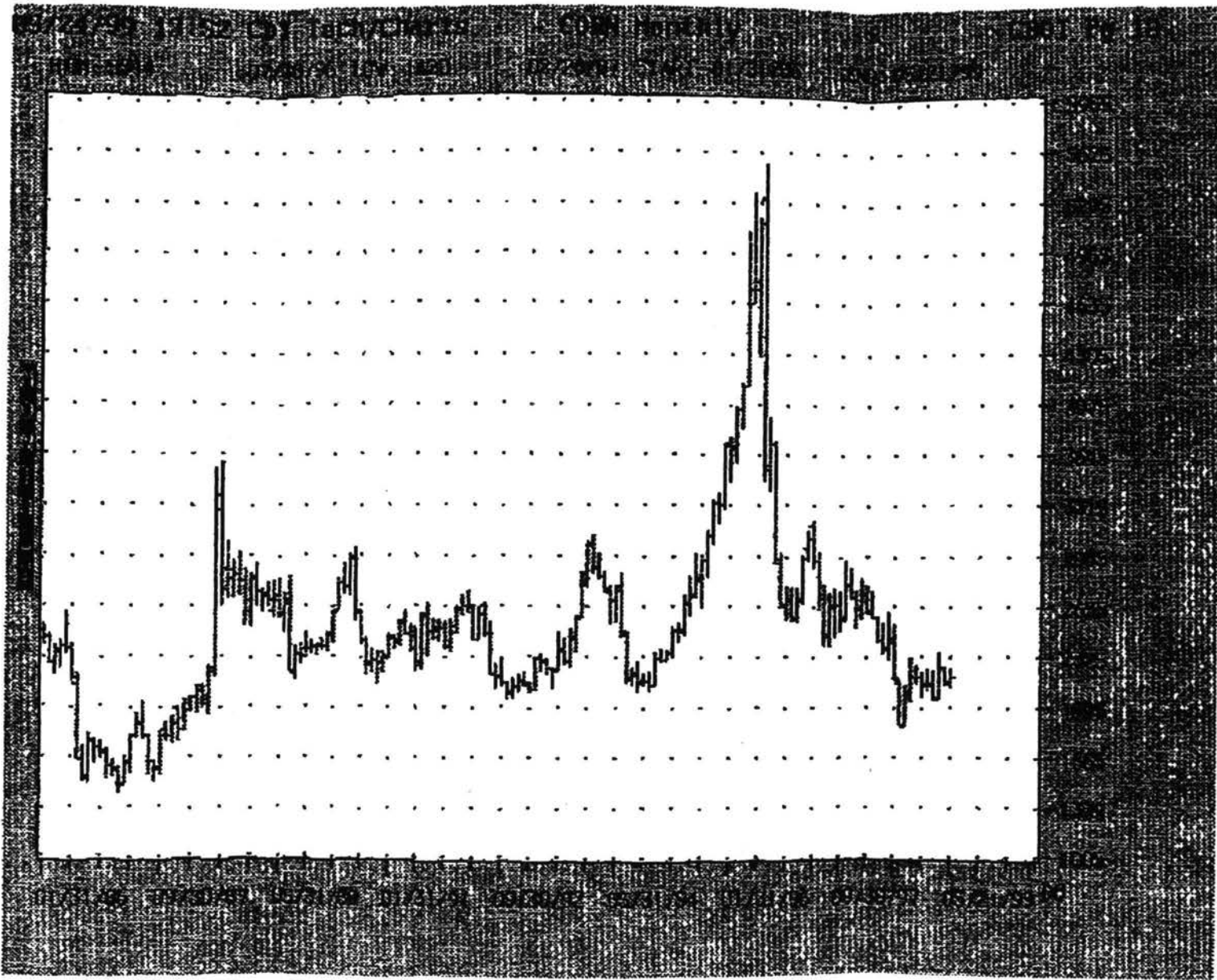
A handwritten signature in cursive script, appearing to read "William L. Day, Sr.", written in dark ink.

William L. Day, Sr.
President

WD/lm

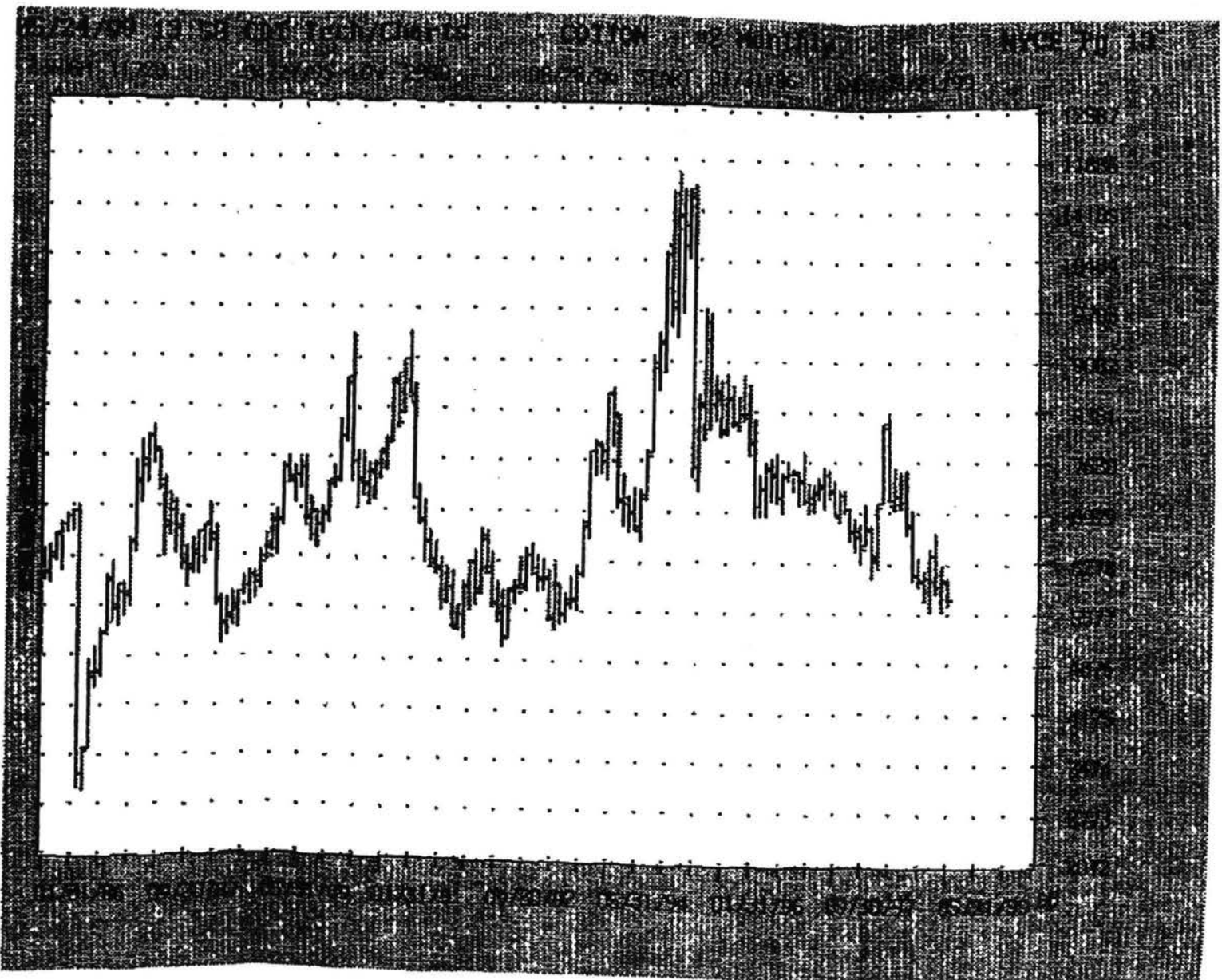
Enclosures

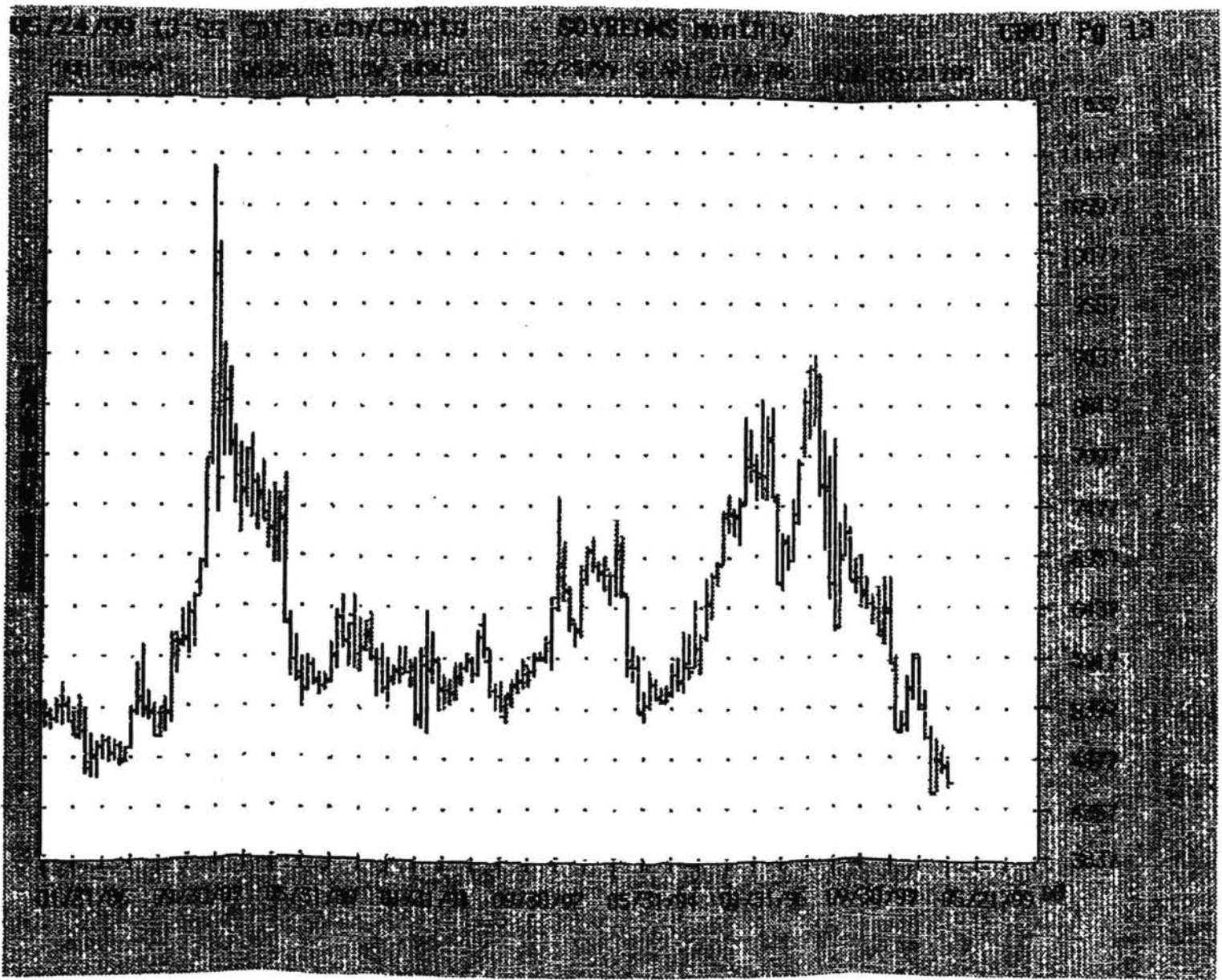
cc: Governor Mike Huckabee
Senator Blanche Lincoln
Senator Tim Hutchinson
Senator Marion Berry
Representative Jay Dickey
Representative Vic Snyder
Representative Asa Hutchinson

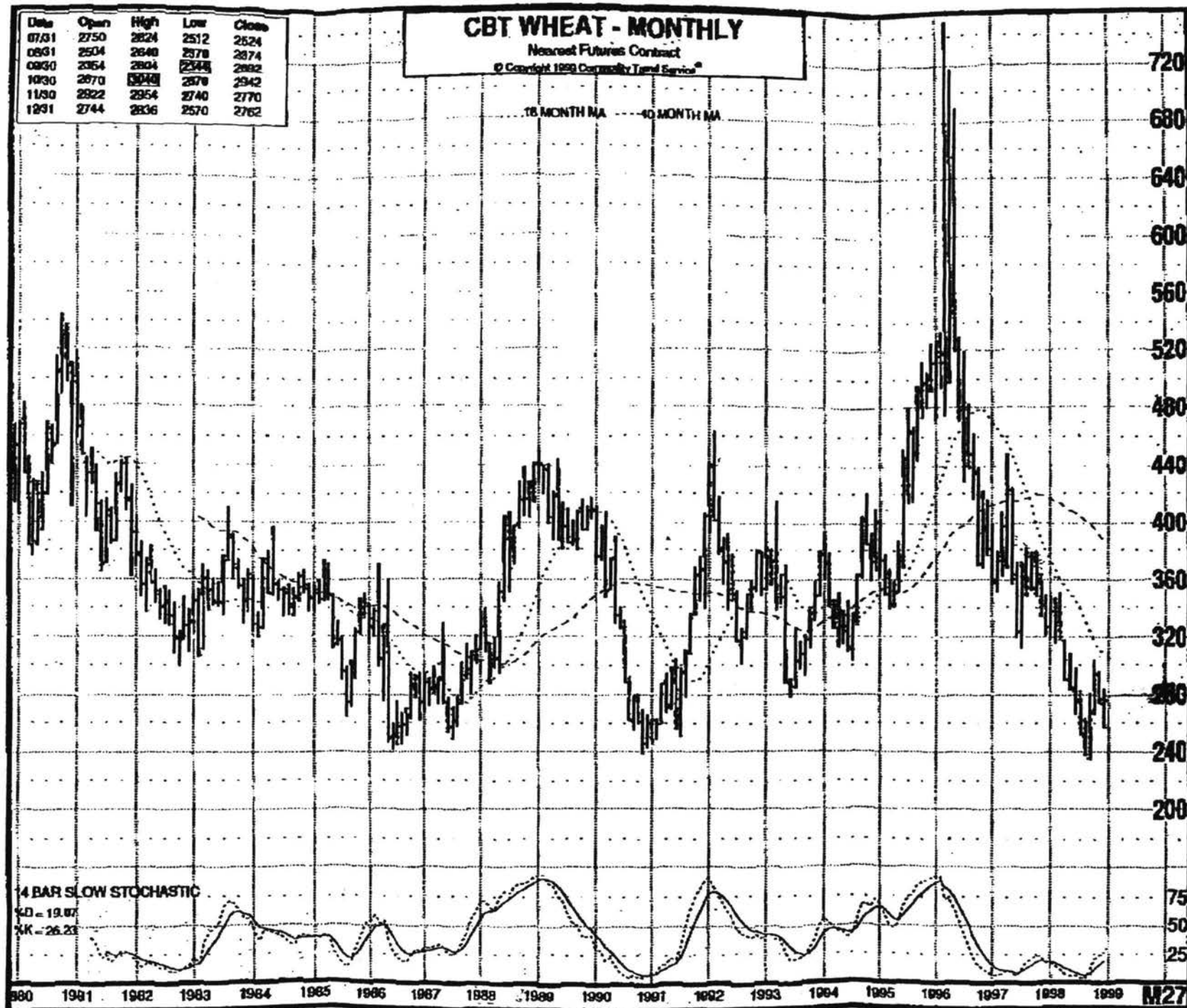


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President Bill Clinton

The White House

Washington, D. C. 20500-2000

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THE PRESIDENT HAS SEEN
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Ellen O. Tauscher

Stop the Spies

The report released last week by the House Select Committee on U.S. National Security is startling, but not because China tried to steal our nuclear weapons designs. Public and private espionage is an unfortunate fact that comes with having the most advanced weapons systems in the world. What is startling is that our intelligence operation for 20 years and through multiple administrations woefully underestimated China's efforts and failed to prevent their successes.

In responding to these revelations, the United States must focus on the systemic failure of our counterintelligence operation. It has lacked centralization and did not adequately address emerging threats in the post-Cold War paradigm. Our intelligence agencies also have failed to embrace new technologies. Just as our national labs lead the world in state-of-the-art technology, so too must our counterintelligence agencies lead the world in surveillance and verification measures.

I represent a district in California that is home to two of our nation's labs, Lawrence Livermore and Sandia California National Laboratories. The overwhelming majority of the men and women who work there are honest, hard-working and patriotic. They embrace their role of maintaining the most advanced defense arsenal in the world that

keeps American families safe. Fortunately, they are good at their jobs.

In the event of suspected espionage, it is the FBI's duty to gather criminal evidence admissible in court. So while one part of our government is responsible for developing the secrets, another is charged with prosecuting spies. In the pursuit of their individual aims, the primary goal of protecting our secrets has been ignored. That is inexcusable. Energy Secretary Bill Richardson's decision to appoint a counterintelligence czar and form a new Office of Counterintelligence is a critical first step to ensuring that our ultimate responsibility will be to make our nuclear laboratories theft proof.

In Congress, I have been working with a bipartisan coalition led by Rep. Norm Dicks (Wash.), the Democrats' ranking member on the Select Committee, to solve these structural deficiencies in our counterintelligence operation. Specifically, our proposal creates a chain of command with ultimate authority resting with the secretary of energy and establishes financial penalties for activities often associated with espionage, such as shifting classified materials into unclassified computer networks.

We also need to move our counterintelligence operation beyond the Cold War by addressing new threats and new technologies. It is clear from the report that our

agents are still looking for someone to walk out of the lobby with a three-ring binder marked "National Security Secrets." But yesterday's notebooks are today's high-speed modems. The tools in our counterintelligence arsenal must always be one step ahead of the ever-evolving high-technology tools of espionage.

I fear, though, that in reacting to the report, some people will seek politically expedient solutions that neither achieve their stated goals nor are in our national interest. Already, some in Congress have called for shutting down all visits to our national labs by foreign scientists. This simplistic approach fails to distinguish between the smuggling of our classified national secrets by American citizens and conducting non-classified, disarmament-oriented exchanges with countries such as Russia.

In February, I spent a week in Moscow meeting with U.S. and Russian scientists who administer programs designed to stop Russian scientists and their nuclear materials from going to countries such as Iran, Iraq and North Korea. Given the state of the Russian economy and the fact that Russia's uranium stockpiles are not locked down, we have no choice but to engage our Russian counterparts on a scientist-to-scientist level. That is why misdirected reactions to Chi-

nese espionage could end up jeopardizing our national security.

We also must reject isolationists who want to use this opportunity to reverse years of progress in our relations with China. Continuing our active engagement with China on trade and humanitarian issues is just as much a part of our national interest as it was last month or last year. Gaining China acceptance to the World Trade Organization will force China to adopt rules-based trade practices that will make China conform to world standards and give its trading partners a forum to adjudicate grievances.

In fashioning complete and accurate solutions to our counterintelligence operation, we must resist expressions of false indignation that China would diligently attempt to steal our nuclear weapons designs. As a world superpower for the past 50 years, we have the most advanced thermonuclear warheads and electromagnetic technology in the world. Part of being the idea capital of the world is protecting those ideas. It is up to us to protect what is ours.

The writer, a Democratic representative from California, is a member of the House Armed Services Committee.



Winchester Gin Company



Staff
Seely

May 26, 1999

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

RE: Unacceptable commodity prices

Dear Mr. President:

Commodity prices have become a great concern for farmers all over the United States. As you can see on the enclosed graphs, prices are lower than they have been in over thirteen years. This is true not only for cotton, but for rice, soybeans, corn, and wheat as well. We have 1940's prices in the year 1999. We just cannot compete in the world market with prices as low as they are. In the United States, equipment, labor, and production costs are higher than ever and steadily rising. How can a farmer continue to put seed in the ground, apply fertilizer and chemical when needed, pay farm laborers, and keep his farm equipment modernized enough at these prices? Do you know that a 4-row cotton picker costs approximately \$185,000, an 8400 tractor is around \$120,000 and a 12 row planter costs \$40,000?

Winchester Gin Company is owned by thirty four people engaged in farming. I speak for them all when I say something must be done to keep farmers alive. If prices do not get any better there will be a **significant** number of farmers filing bankruptcy, this year!

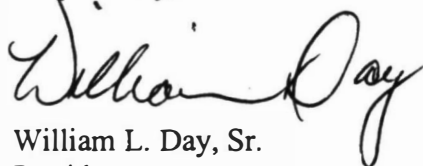
We are grateful for the disaster payments that the U.S. Department of Agriculture is going to issue, but they just cannot keep us going. Many farmers have already been forced to quit farming **waiting** on the disaster payments.

The Freedom to Farm Act is **freedom to go broke** for the American farmer. We have not seen any benefits whatsoever from this Act.

P. O. Box 99 • Winchester, Arkansas 71677-0099
Phone: (501) 392-2296 • Fax: (501) 392-2289

I am pleading for the leaders of our Country to intervene and take a stand to keep us alive! We are helping other countries to stay alive when farmers right here in the United States are going under everyday! However, we cannot wait any longer. If something is not done to help the American farmers in the next several months, it will be too late for most of them.

Respectfully,

A handwritten signature in cursive script, appearing to read "William L. Day, Sr.", written in dark ink.

William L. Day, Sr.
President

WD/lm

Enclosures

cc: Governor Mike Huckabee
Senator Blanche Lincoln
Senator Tim Hutchinson
Senator Marion Berry
Representative Jay Dickey
Representative Vic Snyder
Representative Asa Hutchinson

THE PRESIDENT HAS SEEN

6-3-99

THE WHITE HOUSE
WASHINGTON

May 29, 1999

MR. PRESIDENT:

Attached are the following weekly reports:

(A) Weekly Economic Briefing

(B) Update on Global Markets/

Tab A - Entire Report. Yellen/Podesta
pg. 6 - Reed/Podesta

Tab C - Reed/Kagan/Podesta

Tab D - Frampton/Podesta

Tab E - Stern/Podesta

Tab F - Lane/Podesta

Tab G - Stein/Podesta

Tab H - Ucelli/Janenda/Podesta.

Tab I - Sperling/Cahill/Podesta

Tab J - Podesta/Cutler/Echaveste./

Tab K - Johnson/Podesta/Verveer

Tab L - Ibarra/Podesta/Burkhardt
pg 2. - Berger/Podesta

Tab M - Mackay/Podesta

Tab N - Marshall/Baldenston/Podesta

Tab O - Moore/Podesta

THE PRESIDENT HAS SEEN

6-3-99

THE WHITE HOUSE
WASHINGTON

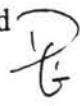
May 29, 1999

MR. PRESIDENT:

Attached are the following weekly reports:

- (A) **Weekly Economic Briefing**
- (B) **Update on Global Markets/
Interest Rates and Stock Market**
- (C) **DPC**
- (D) **CEQ**
- (E) **Climate Change**
- (F) **OSTP**
- (G) **Legislative**
- (H) **Communications**
- (I) **Public Liaison**
- (J) **Indian Country**
- (K) **Race Initiative**
- (L) **Intergovernmental**
- (M) **Special Envoy for the Americas**
- (N) **Cabinet Affairs**
- (O) **Political Affairs**

David Goodfriend



WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

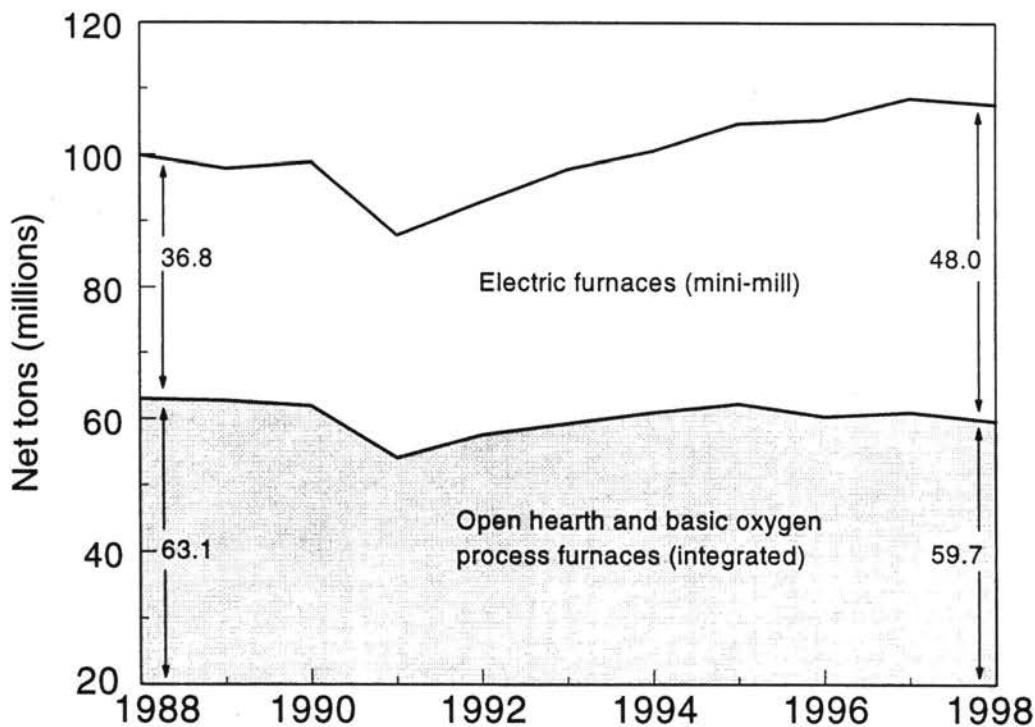
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

May 28, 1999

*Copied
Yellen
Podesta
pg 6:
Reed
Podesta*

CHART OF THE WEEK

Sources of Domestic Steel Production



Between 1988 and 1998, U.S. steel producers increased their annual production by about 8 million tons. However, production from large integrated mills using open hearth (prior to 1992) and basic oxygen process furnaces has actually declined. Thus, the increase in total steel production is more than accounted for by the 30 percent increase in production from electric furnaces used by mini-mills.

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"If you want to buy this, I'm afraid I'm going to need to see some justification."

SPECIAL ANALYSIS

First Evaluations Find Some Job Loss under ADA

The Americans with Disabilities Act (ADA) requires employers to accommodate disabled workers and outlaws discrimination against the disabled in hiring, firing, and pay. Initial evaluations suggest that, at least thus far, the ADA has had a modest negative impact on employment of disabled workers—though it does not appear to have affected the employment and earnings of other workers and may have raised the wages of some disabled workers.

Employment impacts in theory. Some aspects of the ADA raise the costs of *not hiring* disabled workers while others raise the costs of *hiring* them, hence the effect on employment could go either way. For example, hiring a non-disabled applicant over a disabled applicant exposes an employer to a charge of hiring discrimination under the ADA, but hiring the disabled applicant increases the employer's risk of subsequent charges over pay or firing. Also, to the extent that the requirements of accommodating disabled workers impose costs that are not offset by increased productivity, they tend to discourage employment of disabled workers.

Evidence on employment. The first studies that have tried to quantify employment outcomes under the ADA find that the act had a negative impact on the employment of all disabled men and of disabled women aged 21 to 39. Some evidence points to wage increases for disabled men (one study cites a 3 percent wage increase along with an 8 percent employment decrease for disabled men relative to nondisabled men). The wages and employment of nondisabled workers appear to have been unaffected by the ADA. Disaggregated findings show that employment effects for the disabled are strongest where the ADA is strongest. In particular, employment of the disabled appears to have fallen in medium-sized firms subject to the act relative to small firms that are exempt. Disemployment effects also appear to be stronger in states with higher ADA charge rates (the number of ADA-related complaints filed with the EEOC relative to the state's disabled population).

The balance of risks. Filings before the EEOC show that employers are much more likely to face ADA charges from people they have hired than from people they have not hired. Through September 1997, 63 percent of all charges brought under the ADA related to wrongful termination; 29 percent mentioned failure to accommodate; and only 9 percent were for discrimination in the hiring stage.

Implications. Over 10 percent of working-aged men in 1990 reported a disability and 53 percent of them worked (compared with 90 percent of their nondisabled counterparts). The ADA promises disabled workers benefits in the form of reduced discrimination, improved working conditions, and better accommodation of their disabilities in the workplace. Modest disemployment effects are perhaps to be expected, though they could diminish as employers gain more experience hiring and accommodating disabled workers.

ARTICLE

USDA Finds Modest Impacts of Kyoto on U.S. Agriculture

The costs to U.S. agriculture arising from U.S. compliance with the Kyoto Protocol are estimated to be relatively modest, according to a new report from the U.S. Department of Agriculture. The USDA study plausibly refutes other analyses claiming that U.S. farm income would fall by half under Kyoto.

Planting the seeds. The USDA analysis builds on prior Administration analysis of the costs to the United States of meeting its Kyoto Protocol emissions target. The Administration's analysis included simulation results from a global economic model showing that effective implementation of the Protocol's market-based approaches—most importantly international emissions trading—would reduce the costs of meeting the U.S. emissions target by 80 percent relative to a no-trading scenario. This analysis found that if China, India, Mexico, and Korea adopted targets based on 2010 business-as-usual emissions levels and participated in trading with developed countries, the world price for a greenhouse gas permit would be about \$23 per ton.

Reaping the harvest. Assuming a permit price of \$23 per ton, the USDA analysis finds some impacts on energy-intensive agricultural practices such as irrigation and applying fertilizer. The key finding is that production, price, and income effects arising from meeting the Kyoto targets would be small—less than the variation farmers regularly experience on a year-to-year basis.

- Projected production declines for crops range from 0.1 percent for soybeans to 0.9 percent for rice. Livestock production would decline by 0.05 percent.
- Crop prices are projected to increase by less than 1 percent, while livestock prices would increase by 0.5 percent.
- Farmers' net cash returns would fall by about 0.5 percent, or about \$370 million.

Comparison with other studies. These findings differ substantially from those of two studies sponsored by the American Farm Bureau Federation (AFBF), which estimate that farm income would fall by 46 to 48 percent under the Kyoto Protocol. The AFBF studies assume that the United States would meet its Kyoto obligations exclusively through domestic reductions, which would require energy price increases about 8 to 10 times greater than those corresponding to a \$23 per ton permit price. Even correcting for the difference in assumed permit prices, however, the AFBF studies overestimate the costs of Kyoto to the agricultural sector, because they assume that farmers do not adapt to changing overall and relative input costs. The USDA study, by contrast, recognizes that farmers would respond to higher costs of energy-based inputs (such as nitrogen fertilizer) by economizing on their use and that some of the increase in overall production costs would be passed on to consumers in higher prices. At least one academic study has also reached conclusions similar to those of the USDA.

6-3-99

* **Further benefits.** The USDA study discusses several other factors that could influence the effect of climate change policy on the agricultural sector. Because the Kyoto Protocol allows reductions through certain so-called "sink" activities—such as planting trees—that store or sequester carbon, institutions might be developed that would allow farmers to supplement their income through sequestration activities such as improved conservation practices or converting marginal agricultural lands to forests. Further, the study notes that if domestic emissions permits are auctioned, the auction revenues could be returned to the economy by reducing income, payroll, and corporate taxes, thereby offsetting some of the agricultural sector's costs. Finally, mitigating the risk of climate change over the long term could reduce the effects of extreme weather events and shifting growing zones on agriculture.

Conclusion. The USDA study reinforces the lessons of earlier Administration analyses of the costs of complying with the Kyoto Protocol. Effective implementation of the Protocol's market-based approaches and efficient response to market incentives by the private sector can reduce the costs of compliance to relatively modest levels.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Survey Finds Lower Job Insecurity. Recently available survey data show that perceived job insecurity was lower in 1996 and 1997 than in 1994 and 1995, but perceptions of job insecurity vary widely among workers. Although most workers see little or no risk of losing their jobs, a minority see moderate to high risk. The data come from a nationwide (although not nationally representative) survey of 3,600 workers in which respondents estimated their probability of job loss in the coming year and the probability that, if they lost their jobs, they would be able to find a comparable job in terms of wages and benefits. At least half of respondents saw no more than a 5 percent chance of losing their jobs, while a quarter of respondents saw their probability of job loss as 20 percent or more. Answers to the job search question were more varied. A quarter of respondents saw at least an 85 percent chance of finding a comparable job if they lost their current one, while another quarter saw the chance as 25 percent or less. An index of perceived job insecurity was negatively correlated with education, varied little with sex or age, and varied considerably by race—subjective probabilities of job loss among blacks tended to be nearly double those of whites.

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INTERNATIONAL ROUNDUP

Australian Study Weighs Gains from Lower Trade Barriers. Cutting trade barriers in half in the next round of global trade talks would result in annual benefits of \$400 billion, according to a new study commissioned by the Australian ministry of trade. The study estimates that a 50 percent reduction in trade barriers such as tariffs, quotas, and trade-distorting subsidies would trigger global growth of \$250 billion in services, \$90 billion in agriculture and \$66 billion in manufactures. The biggest gainers in absolute terms would be the industrialized economies of East Asia, particularly Japan (a 50 percent drop in farm barriers alone would benefit Japan by \$43 billion annually). Developing countries in Asia, Africa, the Middle East, and Latin America would gain the most in proportion to GDP. The study also finds that crisis-affected countries could gain more from trade reform than they could realistically expect to gain through financial assistance.

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Financial Crisis Is Less-Than-Traumatic for the World's Wealthiest. Despite global financial turmoil in 1998, the wealth of the world's nearly 6 million high net worth individuals (HNWIs) continued to grow, according to a recent estimate. The study defines HNWIs as people with financial assets exceeding \$1 million and estimates the impact of aggregate changes on the distribution of wealth. Key defensive measures—including a move from equity to cash and fixed-income bonds and from local currency to U.S. dollars—protected HNWIs from last year's sharp decline in emerging countries' stock markets and allowed their wealth to grow by 12 percent over the year, to approximately \$21.6 trillion. Although Latin American and Asia-Pacific HNWIs did not fare as well as their European and U.S. counterparts, they did manage to increase their wealth by 8 to 10 percent by moving much of their assets offshore into U.S. dollars. The report predicts that HNWIs' wealth will continue to grow at about 9 percent per year over the next few years.

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RELEASES THIS WEEK

Gross Domestic Product

According to revised estimates, real gross domestic product grew at an annual rate of 4.1 percent in the first quarter.

Advance Durable Orders

Advance estimates show that new orders for durable goods fell 2.3 percent in April, following an increase of 2.7 percent in March.

Consumer Confidence

Consumer confidence, as measured by The Conference Board, rose 0.3 index point in May, to 135.8 (1985=100).

MAJOR RELEASES NEXT WEEK

NAPM Report on Business (Tuesday)
Leading Indicators (Tuesday)
Employment (Friday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1998	1998:3	1998:4	1999:1
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	4.3	3.7	6.0	4.1
GDP chain-type price index	5.4	0.9	1.0	0.8	1.5
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	2.7	2.5	4.3	4.0
Real compensation per hour:					
Using CPI	0.6	2.6	2.3	2.2	2.8
Using NFB deflator	1.3	3.8	3.4	3.8	3.0
Shares of Nominal GDP (percent)					
Business fixed investment	10.9	11.0	10.9	11.0	11.0
Residential investment	4.5	4.3	4.4	4.5	4.6
Exports	8.2	11.3	11.0	11.3	10.9
Imports	9.2	13.0	12.9	13.1	13.2
Personal saving	5.2	0.3	0.1	-0.0	-0.4
Federal surplus	-2.7	0.9	1.1	0.8	1.3
	1970- 1993	1998	Feb. 1999	March 1999	April 1999
Unemployment Rate (percent)	6.7**	4.5**	4.4	4.2	4.3
Payroll employment (thousands)					
increase per month			335	7	234
increase since Jan. 1993					18409
Inflation (percent per period)					
CPI	5.8	1.6	0.1	0.2	0.7
PPI-Finished goods	5.0	0.0	-0.4	0.2	0.5

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

New or revised data in **boldface**.

FINANCIAL STATISTICS

	1997	1998	March 1999	April 1999	May 27, 1999
Dow-Jones Industrial Average	7441	8626	9754	10444	10467
Interest Rates (percent per annum)					
3-month T-bill	5.06	4.78	4.44	4.29	4.52
10-year T-bond	6.35	5.26	5.23	5.18	5.62
Mortgage rate, 30-year fixed	7.60	6.94	7.04	6.92	7.23
Prime rate	8.44	8.35	7.75	7.75	7.75

INTERNATIONAL STATISTICS

Exchange Rates	Current level May 27, 1999	Percent Change from	
		Week ago	Year ago
Euro (in U.S. dollars)	1.044	-1.8	N.A.
Yen (per U.S. dollar)	121.3	-2.3	-11.7
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	96.65	0.3	-1.1

International Comparisons ^{1/}	Real GDP growth (percent change last 4 quarters)	Unemployment rate (percent)	CPI inflation (percent change in index last 12 months)
United States	3.9 (Q1)	4.3 (Apr)	2.3 (Apr)
Canada	2.8 (Q4)	7.8 (Mar)	1.0 (Mar)
Japan	-3.0 (Q4)	4.8 (Mar)	-0.4 (Mar)
France	2.2 (Q1)	11.4 (Mar)	0.6 (Mar)
Germany	1.8 (Q4)	^{2/} 7.2 (Mar)	0.4 (Mar)
Italy	0.9 (Q4)	12.3 (Jan)	1.3 (Mar)
United Kingdom	0.6 (Q1)	6.3 (Jan)	2.1 (Mar)

^{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 March was 9.0 percent.

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INTERNATIONAL ROUNDUP

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R. Reed

THE WHITE HOUSE
WASHINGTON

May 28, 1999

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Kagan
Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Health Care -- Patients Bill of Rights Discharge Petition: Congressman Dingell filed a resolution Thursday to begin the process for a discharge petition to bring patients' rights legislation to the House floor. Although Congressmen Norwood and Ganske did not cosponsor the resolution, they were happy with Dingell's decision to file it because they think it may put pressure on the Republican leadership to move a bill through committee. Also at the end of last week, Senators Lott and Daschle began negotiations on a time agreement to bring patients' rights legislation to the floor of the Senate.

2. Health Care -- Jeffords-Kennedy Legislation: The Senate leadership agreed Thursday to schedule a floor vote on the Jeffords-Kennedy Work Incentives Improvement Act immediately after the recess. We believe you should highlight the importance of the bill and its progress through the Congress when you deliver the President's Award of the Committee on Employment of People With Disabilities at an event on Friday.

3. Disabilities -- Employment of People with Disabilities in the Federal Workforce: We have worked with the Vice President's office to prepare two executive actions to help increase the employment of people with disabilities in the federal workforce. The first is a directive from OMB to all federal agencies to implement an employment plan for people with disabilities. This directive will ensure that agencies (1) recruit people with disabilities for positions at all levels; (2) establish policies to provide reasonable accommodations for applicants and employees with disabilities; (3) provide people with disabilities with opportunities for training and advancement; and (4) collect data on the percentage of adults with disabilities in the federal workforce. The second action is an executive order, to be followed by regulations, to change the civil service rules to eliminate existing disparities between people with psychiatric disabilities and people with other disabilities. We are discussing making these announcements at next week's disabilities award event (see above) or at the upcoming White House mental health conference.

4. Welfare Reform -- GAO Study on Welfare Outcomes: The Ways and Means Human Resources Subcommittee held a hearing Thursday to publicize a GAO study on the results of welfare reform legislation. The study concluded that welfare reform has dramatically increased the number of people moving from welfare to work. Summarizing

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seven state studies of welfare recipients who have left the rolls (most of which we have reported to you previously), the GAO determined that between 61 percent (Tennessee) and 71 percent (Washington) of former recipients were working at the time of follow-up and between 63 percent (Maryland) and 85 percent (Indiana, South Carolina, Washington, and Wisconsin) had worked at some point since leaving welfare. Clay Shaw summarized the findings by saying that welfare reform was "the most successful piece of legislation in this half century." Some other participants at the hearing expressed greater caution, noting in particular that many of the jobs for welfare recipients paid low wages and offered little opportunity for advancement. We will provide you soon with a comprehensive review of the GAO report as well as the other information presented by the panelists.





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

May 28, 1999

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MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

FROM: GEORGE T. FRAMPTON, JR. *GTFH*
Acting Chair

SUBJECT: CEQ WEEKLY REPORT

PROTECTING COMMUNITIES FROM TOXICS

State Implementations Plans for NOx

On Tuesday, a 3-judge panel of the Court of Appeals for the D.C. Circuit issued a partial stay of EPA's regional program to protect "downwind" states in the eastern U.S. from smog that blows across their borders (NOx State Implementation Plan Call). This is the same court (including two of the same judges) that recently struck down EPA's air quality standards. The Tuesday decision is not a ruling on the merits of the plan, but a delay in implementation of the rule pending the completion of the litigation and EPA is evaluating the order. The merits of the case, in which EPA is joined by a number of states in arguing the need to move forward with this rule, will likely not be argued until the fall.

Corporate Average Fuel Economy

On Thursday, 31 Senators led by Senators Feinstein and Gorton wrote to you urging you to "work with the Congress to implement the Corporate Average Fuel Economy (CAFE) law." The letter sets out data regarding the effects of a freeze in CAFE standards, as well as the less stringent standard for sport utility vehicles (SUVs), and argues that the current situation "denies the purchasers of SUVs and other light trucks the benefits of existing fuel saving technologies."

The letter is the result of efforts by the environmental community to set the stage for eliminating the CAFE rider. This rider has been added to the Transportation Appropriations bill for the past two years and prevents the Administration from changing existing CAFE standards. The Administration consistently has opposed this rider, but has not vetoed DOT appropriations over it.

The environmental community contends that the votes would exist in the Senate to prevent an override of such a veto, and they will cite this letter as evidence of a trend in this direction. We are working with other White House offices to provide you with recommendations regarding this and other anti-environmental riders that we anticipate in the coming budget season.

Handwritten note:
Podesta
GTFH
6-3-99

RESOURCE STEWARDSHIP

Pacific Salmon Treaty

Yesterday, I met with Governor Locke and the governors' chiefs of staff from Oregon, Washington, and Alaska to discuss the Pacific salmon negotiations. We are getting very close to a resolution and may be able to announce a deal late next week. Such an announcement would take place in Seattle and Vancouver concurrently and would most likely include the three governors, the Canadian Fisheries Minister, tribal members, and U.S./Canada Pacific salmon negotiator Lloyd Cutler.

Trinity River

Next Wednesday, the U.S. Fish and Wildlife Service (FWS) and the Hoopa Valley tribe plan to announce their release to the public of a comprehensive flow study of the Trinity River in California. The study recommends doubling the water flow in the Trinity River in order to restore the salmon and steelhead runs to levels present before the river was dammed. Presently, a significant amount of the Trinity River flow is diverted to the Sacramento River and the Central Valley of California. Agricultural and other water interests have raised concerns about these recommendations and have thus prompted significant local press attention recently.

OTHER

Meeting with Environmentalists

Next Wednesday, the Vice President is meeting with 11 environmental CEOs to discuss an agenda of issues that we defined (including Lands Legacy and Tier II air standards). The agenda does not include climate change. However, anti-environmental rider issues, including the CAFE rider, will almost certainly be covered. I have promised a later meeting for a smaller group with the Vice President on climate.

THE PRESIDENT HAS SEEN
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THE WHITE HOUSE
WASHINGTON

May 29, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TJS*

SUBJECT: Climate Change Weekly Report

Domestic Policy

Secretary Glickman testified this week before the Senate Agriculture Committee at a hearing on bio-energy. Chairman Lugar has introduced legislation to enhance federal efforts to spur investments and research in bio-energy and other bio-products. We are simultaneously developing an Executive Order for your approval that will accomplish much the same goal. As articulated in Senator Lugar's *Foreign Affairs* article entitled "The New Petroleum", bio-energy technology has the potential to revolutionize both the agricultural and energy sectors of the economy, while at the same time yielding enormous environmental benefits.

*John
Lugar*

We expect that next week GSA will publish a "Request for Information" regarding potential changes to the way the federal government heats its buildings in Washington. The RFI is an invitation for the private sector to propose alternatives to, or retrofitting of, the current infrastructure that would meet certain stated criteria, including reducing costs to taxpayers and reducing emissions. Such proposals might include, for example, the idea suggested by the Trigen Corporation to use waste steam currently dumped into the Potomac river by PEPCO to heat federal buildings and thus replace existing GSA plants.

Diplomatic

The annual meeting of the so-called "subsidiary bodies" to the Climate Change Convention begins this coming week in Bonn. This is the lower level meeting that occurs each spring to pave the way for the ministerial level Conference of the Parties that occurs in the fall. No major developments are anticipated. The parties will be working on the major open issues such as international trading, the Clean Development Mechanism and compliance. There is likely to be some discussion, in the corridors if not formally, about the process by which developing countries can take on commitments, assuming, like Argentina and Kazakhstan, they want to. In light of the EU's recent unhelpful call for restrictions on international trading, we will talk quietly to our umbrella partners about floating the notion that we'd be prepared, if necessary, to

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set up our own (unrestricted) trading system with like-minded countries. It isn't clear whether the Japanese or Canadians are ready to take this tougher line, but our negotiators will explore it. Legally, State Department lawyers believe this is a course open to us, though a deal with the EU would be far better in the end.

Press

On Tuesday, the *Wall Street Journal* ran a story describing how Mobil's climate change position is more progressive than Exxon's and hypothesizing that the proposed merger would silence "Mobil's conciliatory stance" on the issue. This clearly overstated how "conciliatory" Mobil has been, but it is true that Exxon is the leading hard-line antagonist in the oil sector. On Thursday, Royal Dutch Shell ran a half-page ad in the *Financial Times* announcing its commitment to "not only meet the agreed Kyoto targets... but to exceed them."

cc: Vice President
John Podesta
Sandy Berger
George Frampton
Leon Fuerth
Ron Klain
Neal Lane
Jack Lew
Joe Lockhart
Gene Sperling
Jim Steinberg
Janet Yellen



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

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Podesta

May 28, 1999

MEMORANDUM FOR THE PRESIDENT

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

Information Technology Initiative Gains Momentum

Today (5/28), the House Science Committee Chairman released a draft of his "Networking and Information Technology Research and Development Act," which would authorize funding for your Information Technology Initiative (IT²) for the agencies under the Science Committee's jurisdiction. The bill will authorize nearly doubling the amount of federal investments in information technology research over the next five years. This bill results from the strong support your IT² initiative is receiving from throughout the scientific community. We will continue to work with the Committee and others to produce a bipartisan information technology authorization bill that also covers other key agencies such as NIH and DOD.

On Wednesday (5/26) the Department of Commerce hosted a sold-out symposium on the "digital economy." I provided the keynote address, and used the opportunity to highlight your IT² Initiative. I specifically highlighted the importance of the Initiative's emphasis on studying the social/ethical/legal implications of the digital economy.

Shuttle Mission First to Dock with Space Station

The first U.S. space shuttle launch in nearly six months – the longest gap between shuttle launches since the Challenger disaster – lifted off flawlessly Thursday (5/27) from Cape Canaveral, beginning the first mission to dock with the orbiting International Space Station (ISS). The nine-day mission will include ferrying some two tons of supplies and spare parts to the new space station, which has been orbiting unmanned since its first two segments were connected in December.



Is Dolly Older than She Looks?

The cell from which Dolly was cloned came from a six-year-old sheep. Since cells have a finite lifetime, no one knew if the cloning procedure could essentially reset the clock at zero, or if the cells of the clone would start life at age six. In an attempt to answer that question, the scientists that cloned Dolly measured the length of her telomeres – the ends of chromosomes that erode with each cell division, eventually resulting in cell death. The results, while still not verified, suggest that, in fact, Dolly's cells are six years older than her chronological age would predict. If these results hold up when other cloned animals are examined, they will probably dampen the enthusiasm some have shown to clone human beings, as clones may have shortened life spans and be susceptible to aging diseases prematurely.

DOE Visitor Restrictions Proliferating In Congress

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Hill efforts this week to impose restrictions on foreign visits to the DOE weapons labs would have questionable utility -- alleged incidents of espionage have had little to do with visitors, and DOE is already taking action to address those vulnerabilities that have been identified in the visitors program. However, some of the proposed legislative provisions would severely damage important scientific and security programs at the labs. For example, the Senate Defense Authorization language places a moratorium on cooperative programs with Russia, China, and other "sensitive" countries until DOE, FBI, and CIA can provide certain security-related certifications -- a process that could stall efforts to safeguard Russian nuclear materials. The House Science Committee has just approved a similar moratorium on foreign visits. I will continue to work in consultation with the NSC and with Secretary Richardson to limit the damage to collaborative scientific activities with other countries.

Congressional Maneuvering on Clean Energy Research and Technology

Yesterday, Senator Lugar (R-Indiana) chaired a Senate Committee on Agriculture, Nutrition and Forestry Committee hearing on the "National Sustainable Fuels and Chemicals Act of 1999" (S.935), a bill designed to support increased funding for renewable energy research to convert biomass into bio-based products such as chemicals, pharmaceutical, fuels and power. Agriculture Secretary Glickman and Energy Assistant Secretary for Energy Efficiency and Renewable Energy Dan Reicher spoke in support of the bill and also revealed the Administration's efforts to promote R&D of the bioenergy and bio-based products industry. The Administration has been working closely with Senator Lugar and Senator Harkin's staff to promote bipartisan support of this effort through legislation and an Executive Order that is under development.

Senator Roberts is circulating a draft bill, the "Carbon Cycle and Agricultural Best Practices Research Act," which also has provisions supportive of biotechnology. The purported focus of the Roberts bill is on enhancing soil carbon research and supporting agricultural practices that increase soil carbon. Your FY2000 budget already proposed a Carbon Cycle Research Initiative that included roughly \$24 million in new funding for carbon cycle research at USDA. Unfortunately, the legislation would only support a small part of the Administration proposal, prohibits the Secretary of Agriculture from carrying out a conservation or carbon sequestration program, and says that best management practices can't be used for purposes of trading or meeting emissions limitations.

PCAST Holds First Public Hearing on University-Government Partnership

Your Committee of Advisors on Science and Technology (PCAST) met earlier this week. On Monday (5/24) they focused on technology's contribution to the economy in their plenary session and also held discussions with George Frampton, Gene Sperling, and Secretary Slater. On Tuesday (5/25) PCAST held the first hearing on the NSTC University-Government Partnership report. The well-attended hearing responded to your directive to engage in a public dialogue about the principles contained in the report before they are finalized. This is the first of several hearings on the report and its recommendations that will be held at several sites over the course of the next year. The hearing provided a thorough dialogue on the report's findings.

6-3-99

THE WHITE HOUSE

WASHINGTON

May 28, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: LARRY STEIN *LS*

SUBJECT: LEGISLATIVE WEEKLY REPORT

House of Representatives

- **Agriculture Appropriations:** On Tuesday and Wednesday, the House considered H.R. 1906, the Agriculture Appropriations for FY 2000. Consideration of the bill was not completed due to conservative Republicans, primarily Rep. Coburn (R-OK), offering numerous amendments (and prepared to offer up to 100 more) aimed at reducing the overall funding to the FY 1999 enacted level. The bill is expected to be considered on the floor following the Memorial Day recess.
- **Social Security Lockbox:** On Wednesday, the House approved (416-12) H.R. 1259, the Social Security and Medicare Safe Deposit Box Act of 1999. The bill aims to protect surpluses in the Social Security and Medicare accounts by creating a "lock box." The bill would prohibit surplus revenues from being spent on other government programs or to offset tax cuts, unless the House and Senate vote to override a procedural point of order against the spending. A motion by Rep. Rangel (D-NY) to recommit the bill to the Ways and Means Committee failed (205-222). The motion would have preserved the budget surplus until Social Security and Medicare revisions are enacted.
- **DOD Authorization:** On Wednesday evening, the House Rules Committee reported out a rule providing for consideration of H.R. 1401, the Department of Defense Authorization bill that, upon adoption, would have deleted the provision in the bill which limited spending in Yugoslavia after September 30, 1999. You had threatened to veto the bill if the provision was included. Prior to deleting this provision through the rule, the Speaker received a letter from OMB Director Lew stating that, if necessary, the Administration would request additional funds from Congress to conduct the military campaign in Yugoslavia. The rule would have also provided for the consideration of approximately three dozen amendments. However, certain key Democratic amendments were not included in the rule. During debate on the rule, the Republican Leadership, having alienated some of its own Members without satisfying Democratic members, was unable to garner enough support to approve the rule and was forced to pull the bill from the House schedule.

The Week Ahead

- **House Schedule:** The House is adjourned for the Memorial Day recess until Monday, June 7th. The Republican Leadership has yet to announce the schedule.

United States Senate

- **DOD Authorization:** The Senate passed (92-3) S. 1059, the Department of Defense Authorization bill, which authorizes appropriations of \$288 billion for defense programs for FY 2000. Senators Feingold (D-WI), Kohl (D-WI), and Wellstone (D-MN) voted against final passage. During debate, the Senate tabled (52-48) an amendment sponsored by Senator Specter (R-PA) that would have prohibited use of DOD funds to deploy U.S. ground troops in Kosovo except for peacekeeping personnel; tabled (77-21) an amendment sponsored by Senator Smith (R-NH) that would have prohibited the use of DOD funds for military action in Kosovo in FY2000; rejected (40-60) a Base Realignment and Closure (BRAC) amendment sponsored by Senator McCain (R-AZ) that would have authorized two additional rounds of base closures and realignment; and, passed (87-12) a non-binding resolution sponsored by Senator Roberts (R-KS) requiring you to determine and certify to the Senate whether or not the new NATO strategic concept imposes any new obligations on the United States and constitutes a treaty modification.

The Senate also passed (98-0) an amendment sponsored by Senator Kennedy (D-MA) regarding the continuation of sanctions against Libya. The measure also includes a provision that extends DOD's small disadvantaged business price credit for three years. This Affirmative Action program was originally set to expire in FY 2000, but was extended largely due to the efforts of Senators Kennedy and Warner. The controversial Lott (R-MS) amendment, which would have required notification of Congress when investigations of Satellite Export Control law violations are undertaken and when license or waivers are granted to exporters under investigation, was resolved. The amendment now reads that this provision shall not apply if the President determines that the notification of Congress would jeopardize an on-going criminal investigation, however, notification to the four Leaders justifying this decision would be required.

The Senate also agreed to delay consideration of a controversial amendment offered by Senators Domenici (R-NM) and Kyl (R-AZ) which would establish a new office of counterintelligence at the Department of Energy. The proposal will be taken up during the debate on H.R. 1555, the Intelligence Authorization bill in early June.

- **Other Action:** The Senate passed several bills by unanimous consent this week including S. Res. 103, concerning the 10th anniversary of the Tiananmen Square massacre of June 4, 1989.

The Week Ahead

- **Senate Schedule:** The Senate stands in adjournment for the Memorial Day Recess. The Senate will reconvene on Monday, June 7, and will begin consideration of S. 1122, the Department of Defense Appropriations bill. Following completion of S. 1122, the Senate is expected to consider H.R. 1555, the Intelligence Authorization bill; S. 96, the Y2K Liability bill; the Social Security "Lock Box" legislation; and S. 331, the Jeffords - Kennedy Work Incentives bill.

cc: The Vice President
John Podesta
Steve Ricchetti
Maria Echaveste
Doug Sosnik
Ann Lewis

6-3-99

THE WHITE HOUSE

WASHINGTON

May 28, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: LORETTA UCELLI
TOM JANENDA

SUBJECT: Communications Weekly Report

We continue to work with other White House offices to communicate a central message: *You are providing strong, effective leadership at home and abroad.*

Message Activity this Week

- We amplified your remarks to City Year and your record of support for community service.
- We distributed a fact sheet at the Empowerment Zones Conference in Texas, which highlighted your six-year commitment to and record of action on empowering under-served communities.

Proposed Budget Cuts

Working with the NEC, OMB, Press, Cabinet Affairs and other offices, we developed and started rolling out a plan that communicates your priorities in the budget debate.

- This plan included reaching out to national media through Jack Lew's address to the Brookings Institute; Economic team calls to 15 leading national reporters; and your Memorial Day weekend radio address on the effect of the proposed budget cuts on environmental protection.
- We distributed an editorial board mailing from John Podesta to 100 newspapers around the nation. Beginning this week, Cabinet members will satellite into over 30 markets to convey your budget message – that the Majority's current Congressional allocations would make deep cuts in priority programs on which Americans depend.
- In addition, we are providing information to – and arranging Administration contact with – issue-specific reporters, weekly magazines, Democratic members of congress, and other Democratic friends and allies.
- Next week, while Congress is in recess, we will work to ensure that your Administration continues to make the case that the cuts currently proposed in the Republican budget allocations are unacceptable.

Message Activity Next Week/June

We are working with the Press office to get the message out that, in contrast to the disarray of the Majority on Capital Hill, you are returning from vacation prepared to take immediate action on issues that matter to the American people.

Your schedule reflects your leadership on three issues of concern to the country: prevailing in Kosovo; maintaining our economic prosperity; and providing a comprehensive plan to prevent school violence. We are working with other White House offices to develop communications plans for each of these events.

Leadership for Families: Providing a Comprehensive Response to School Violence

- On Tuesday, as part of your Administration's comprehensive response to youth violence and as a follow up to your "Strategy Session on Children, Violence and Responsibility," you will take Executive action so that the nation better understands how children are exposed to violence.

You will direct the FTC and DOJ to conduct a study to determine if and how violent material rated for adults is marketed toward children, which will provide parents with another tool to help them protect their children.

- On Friday morning, the First Lady and you will continue your dialogue on school violence during an hour-long program on Good Morning America.

Executive & Economic Leadership: At Home and Abroad

- On Thursday, at your Cabinet meeting, you will direct all federal agencies to increase energy efficiency and reduce emissions – actions that demonstrate federal leadership in addressing climate change and save taxpayers money.
- On Wednesday, your foreign policy address at the Air Force Academy commencement will provide you with an opportunity to further state the case for U.S. and NATO action in the Balkans.
- On Friday, you will honor private businesses that employ Americans with disabilities – and urge Congress to enact legislation to ensure that when they do return to the workforce, disabled Americans do not lose their health insurance.
- During the next few weeks, you will show leadership on the economy by addressing the issue of Medicare; traveling to the Summit of Eight; and moving forward with your New Markets initiative.

THE WHITE HOUSE
WASHINGTON

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May 28, 1999

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARY BETH CAHILL *MBC*

SUBJECT: OFFICE OF PUBLIC LIAISON WEEKLY REPORT (May 21-28)

ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES

APPROPRIATIONS

OPL organized a meeting with the health and environmental community about devastating 302b cuts. OPL, DPC, and OMB will continue to help groups amplify the impact of cuts on real people, especially during the Congressional recess.

MEDICARE REFORM

Hospitals continue to express displeasure about the additional cuts to hospitals. They will go to House and Senate Democrats to express outrage about cuts in our Medicare Reform package, especially on top of the BBA cuts.

IMMIGRATION REFORM

Advocates are extremely pleased with the Public Charge regulation. OPL hosted a briefing for the advocacy groups to give them details on the public charge regulation. Advocates are working on an aggressive outreach strategy to get the information out to the immigrant community. They commended the Administration for our hard work.

CONSTITUENT OUTREACH AND OTHER ISSUES

AFRICAN AMERICAN OUTREACH

Although all the Presidential Mission members to the 5th African/African American Summit support the concept and importance for the current Africa Trade Bill, they strongly recommend the Administration consider support for debt relief amendments to the current Africa Trade Bill. Each mission member is interested in working with Administration officials

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on the debt relief issue and support of passage for the Africa Trade Bill.

AGRICULTURE OUTREACH

Agriculture leaders agree in support of \$6-\$8 billion in emergency funds for agriculture. Supporters range from the National Farmers Union to the Farm Bureau.

ASIAN PACIFIC AMERICAN OUTREACH

Cox Report release raises concerns about negative stereotyping of Asian Pacific Americans. Increased media coverage of allegations that there are thousands of Chinese spies in the U.S. adds to suspicions about the patriotism of Asian Pacific Americans, a group that has already suffered greatly from negative stereotyping in recent years.

BUSINESS OUTREACH

OPL hosts LA Chamber of Commerce for a briefing on New Markets and other initiatives. The Chamber was briefed on Reinventing Government, briefed on budget priorities, and the New Market Initiative. The Chamber was especially interested in the New Markets Initiative, and would like to continue discussions on the Initiative and how its LA membership can be helpful.

JEWISH OUTREACH

Jewish groups alarmed by Gore position on 'Charitable Choice'. Non-Orthodox Jewish organizations rushed to criticize Vice President Gore's support for Sen. Ashcroft-type 'Charitable Choice' provisions, the very same they have fought so hard to prevent on church-state and anti-discriminatory grounds. They are on heightened alert as to how Gore's statement will affect the numerous bills to which Charitable Choice provisions are currently attached.

RELIGIOUS OUTREACH

Make-up of International Religious Freedom Commission: You are correct that Congress had appointed an evangelical to the Commission – Sen. Lott named former Sen. Armstrong, a member of the Evangelical Presbyterian Church. However, Armstrong withdrew for personal reasons and Lott surprised many by putting Mormon Michael Young in that slot. Also the conservative Zionist Organization of America is attacking your nomination of Dr. Laila Al-Marayati, using statements by her husband or people on boards to which she belonged. No such objections were raised when she was appointed as a member of the State Department Advisory Committee or to the Beijing delegation

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THE WHITE HOUSE
WASHINGTON

May 28, 1999

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MEMORANDUM FOR THE PRESIDENT

THROUGH: JOHN PODESTA

FROM: LYNN CUTLER 

CC: MARIA ECHAVESTE

SUBJECT: INDIAN COUNTRY

Cherokee Election

- You will recall the election of Chief Joe Byrd after Wilma Mankiller's term, in a very ugly and contentious race and the series of problems on the reservation during his tenure. The Departments of Justice and Interior have had to intervene several times. This week, in Chief Byrd's bid for re-election, he failed to get fifty percent of the vote. There will be a run-off election on July 24, 1999. The other candidate is Chad "Cornassel" Smith, an attorney who is a student of Cherokee history and has taught at Dartmouth College. Early information indicates that the other candidates will unite behind Smith, who is supported by the Mankiller forces. The Carter Center monitored the election.

Follow-Up To May 12, 1999 Meeting

- I convened a special meeting of the White House Interagency Working Group on American Indians and Alaska Natives to discuss your wish that all federal agencies search for pilot programs and special efforts that can be implemented as soon as possible in the Dakotas and Montana. Maria Echaveste came to the meeting to underscore your wishes on this issue. We are also sending a letter from John Podesta to the agencies' Chiefs of Staff, so that there is full support in all agencies for the effort. We will reconvene the Group on June 8, 1999 to see what proposals are on the table.
- Also, one of the issues you heard about at the May 12, 1999 meeting was the exclusion of tribes from the Small Business Administration's HubZone program. SBA is working on a legislative fix, and has issued a legal opinion stating that a small business concern owned or controlled by a Tribe is an eligible HUBZone small business concern.

Lake Tahoe and the Washoe

- There has been considerable delay in implementing the commitment you and the Vice-President made to the Washoe in the Lake Tahoe event two years ago. I have been working with Jim Lyons at the Forest Service to make the access to the lake happen. There have been several calls and meetings with the Tribe, but no resolution at this point. It is a breach of the agreement, and your friend, Brian Wallace, Chairman of the Washoe is very upset.

New Markets Initiative

- We are working on options with corporations that will impact the telecommunication shortfalls in Indian country. The study that you ordered the Commerce Department to perform at the Economic Development Conference last summer is almost completed and documents the very severe problems. As I had mentioned before, Chairman Kennard of the Federal Communications Commission is also working hard on the telecommunications issue.

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THE WHITE HOUSE

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May 28, 1999

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

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

ACTIONS

Presidential Medal of Freedom Requested for Muhammad Ali: I received a call and a letter from Congressman Charlie Rangel regarding Muhammad Ali. He wants you to consider awarding the Presidential Medal of Freedom to Ali for his humanitarian leadership. He cited Ali as a beloved American Icon, treasured as a model of strength, wit and compassion -- transcending race, politics or gender. According to Mr. Rangel, he sent you a letter regarding the request.

One America Interagency Group: Working with Cabinet Affairs, we hosted a follow-up meeting with Thurgood Marshall Jr. and representatives from the Federal agencies. We discussed a number of items, including updates on One America activities since our introductory Agency reps meeting in April. We had an engaging interchange of ideas as well as additional information on the proposals from the agencies that aim to reduce opportunity gaps and disparities. We also discussed the structure of the "Interagency Group for One America" that will be formally instituted -- via Charter and Memorandum to Agency Head -- to coordinate the activities of the Initiative and the agencies.

CONSTITUENT OUTREACH

National Association of Realtors (Association): I met with representatives from the Association to discuss their Diversity Outreach Program. The program was developed to increase cultural diversity in the nation's real estate market. Its primary goal is to assist firms in diversifying and improving the Association's relevance to minority real estate professionals.

The program is designed to address the following four areas: provide tools for real estate firms to diversify their workplaces, enhance guidance on reaching diverse markets, address the business needs of minority members, and encourage diversity within the leadership of the Association. All of this is aimed at expanding market activity to all population groups. The realtors are looking for ways to tie into our untapped markets agenda.

National Investment Education Program for Minority Investors: In an effort to reach an untapped market, Salomon Smith Barney launched a national investment education program in Atlanta to increase African Americans' access to financial expertise and information. The investment firm plans to host a number of seminars around the country. The next seminars are planned for Chicago and Detroit and will focus on individuals facing the challenge of becoming financially secure.

African Americans generally keep the majority of their money in savings accounts and tend to be more conservative investors. This is attributed primarily to the lack of adequate and relevant information and a general skepticism of the financial markets.

CABINET RACE INITIATIVE WEEKLY

Department of Commerce

MBDA 30 Year Anniversary: DOC's Minority Business Development Agency celebrated its 30 Year Anniversary on May 20 with an all-day event highlighted by remarks from Secretary Daley. About 300 individuals attended including Representatives Hinojosa and Christian-Christensen. The program highlighted MBDA's role in the development of minority business institutions, a tribute to its former directors, and the agency's current programs and initiatives. The event was covered by *The Capitol Spotlight*, *The Washington Informer*, *Set-Aside Alert* newsletter, *Minorities in Business Insider* newsletter, *American Indian Report* magazine, and *Black Entertainment Television*.

Department of Education

DOEd Agreement with PA: On May 12, DOEd entered into an agreement with PA to address higher education desegregation issues. The agreement outlines initiatives that PA has agreed to implement over the next five years. They include renovations of over \$35 million for Cheyney University, enhancements to early intervention programs, and efforts to improve retention among minority students and staff.

Department of Health and Human Services

Head Start Family Literacy Projects (FLPs): During the week of May 24, a Notice was published in the Federal Register announcing the availability of funds and requesting applications to fund one or more cooperative agreements for family literacy projects. Approximately \$3 million will be made available annually over the next five years to provide training and technical assistance to support family literacy services to Head Start, Early Head Start grantees, and to Migrant, and American Indian programs.

Department of Interior

Surplus and Shortage Guidelines: On May 26, BOR briefed Native American Tribes from the Upper and Lower Basins of the CO River on surplus and shortage guidelines for determining the annual availability of CO River water. The briefing provided tribes with information about the proposed process for developing BOR's guidelines, and invited their participation and comments.

Department of Justice

Police Integrity Conference: On June 9-10, DOJ will hold a Police Integrity/Trust Building Conference in Washington, DC. The conference will bring together police executives, public officials, civil rights and civic leaders, members of community-based groups, and members of the academic community to participate in a comprehensive dialogue. Participants will address five key areas: Hiring and Recruiting, Use of Force, Racial Profiling, Police Management Practices, and Community Relations. They will be encouraged to participate in the development of best practice manuals and training programs.

The CIRCLE Project: On May 20, Associate Attorney General Ray Fisher met with leaders from three tribal governments -- Oglala Sioux, Northern Cheyenne, and Zuni Pueblo -- to kick-off the Department's CIRCLE (Consortium of Indian Resources Cooperating in Law Enforcement) Project. Under the CIRCLE Project, each tribe, with the assistance of the Department, will develop a comprehensive strategic plan for crime reduction and increased public safety that will serve as the basis for their application to seven Department grant programs.

Small Business Administration

Small Business Week: SBA celebrated Small Business Week May 23rd-25th, in Washington, D.C. and recognized "Small Business Week Winners". This year's winners reflect the diversity of America: 44% of this year's winning businesses are owned or co-owned by women -- one of the fastest-growing sectors in the economy; 23% are minority-owned; 63% are family-owned and operated; 21% are veterans; and more than 50% export goods to over 50 different countries.

New Markets: SBA and the Department of Agriculture (USDA) are discussing the possibility of USDA county extension agents and other field offices becoming Rural Pre-Qualification intermediaries. In addition, a meeting was held to discuss establishing a national award among financial institutions supporting minority and women-owned businesses. The awards are intended to honor nationwide financial institutions leading in loans funded on behalf of minority and women entrepreneurs. The proposal establishes nominees among Preferred Lenders, Certified Lenders, Community Banks, Non-Depository Lenders, and Micro Lenders.

Social Security Administration

Social Security and African Americans: SSA's Deputy Commissioner for Human Resources, Paul Barnes, has been invited to participate in an upcoming radio talk-show to discuss the effects of Social Security solvency on the African American population. The discussion will take place on WCIN, a contemporary radio station based in Cincinnati, Ohio. Mr. Barnes has done similar radio interviews in Baltimore, Seattle, and Atlanta.

Department of Transportation

Hispanic Coalition Takes Traffic Safety to Airwaves: On May 26, the National Coalition of Hispanic Health and Human Services Organizations participated in a one-hour radio program through Radio Bilingüe, Inc., the nation's largest Spanish-language radio network, to highlight occupant protection issues. The radio program coincided with the Buckle Up America Mobilization and reinforced the risk of receiving citations for failure to comply with car seat and seat belt laws.

Additionally, on June 5, the Barrio Comprehensive Family Health Care Center will hold a bike rodeo in San Antonio, TX to deliver safety messages for children. Barrio has participated in the National Hispanic Traffic Safety Program since January.

THE WHITE HOUSE
WASHINGTON

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6-3-99

May 28, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra *Mickey*

SUBJECT: Office of Intergovernmental Affairs Weekly Report – May 24 - 28, 1999

ESEA

The Democratic Governors' Association (DGA), in a statement released this week applauding the Administration's proposal for ESEA reauthorization, stated, "We strongly support the continued targeting of federal assistance on our poorest children and schools. We also support accountability requirements for the use of these funds and agree that expectations for achievement should be the same for all students." The governors also stated, "The Clinton Administration's plan is right to focus attention on a number of important means for improving education, including teacher qualifications, student safety, class size, social promotion, helping under-performing schools, and school report cards."

BUDGET

We are continuing to engage elected officials across the country on the potential cuts to key programs from the House budget proposal. The National League of Cities published a front-page story in their weekly newsletter under the headline: "Funding Cuts for Key Programs would Devastate Cities." We have also circulated talking points to approximately 700 elected officials nationwide.

FEDERALISM

Sally Katzen and I met with the executive directors of the Big Seven organizations of elected officials to discuss finalizing our negotiations on a new executive order. While we are close on substance, the NGA asked for additional time so that they can consult with some of the more conservative governors. We resume negotiations next week.

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MAYORS

IGA and CEQ held a conference call with Mayor Dennis Archer (D-Detroit, MI), Mayor Ed Rendell (D-Philadelphia, PA), Mayor Clarence Harmon (D-St. Louis, MO), and staff representatives to discuss support for Townes-Borski Brownsfield legislation (H.R. 1750). Mayors Archer, Rendell and Harmon will jointly introduce a resolution at the USCM Annual Meeting July 11-15, in support of the bill. A follow-up conference call will be held next week with approximately 20 Mayors to discuss the legislation and generate support.

We conducted a briefing for Congressman Rush Holt (D-New Jersey) and twenty mayors from his district in Central New Jersey. The mayors were primarily interested in transportation issues addressed by DOT's Deputy Secretary Mort Downey.

At the request of Mayor Richard Daley (D-Chicago, IL), we coordinated a meeting with the Chicago Technology Development Team and the Vice President's staff on technology.

INSULAR AFFAIRS

Vieques Military Target Practice: Representatives Luis Gutierrez (D-IL), Nydia Velazquez (D-NY), and Jose Serrano (D-NY) asked you to order the Navy to leave Vieques and pay for environmental damage there. They said the Navy activity was one of the most "unjust" aspects of Puerto Rico's "colonial" status. Reps. Charles Rangel (D-NY) and Thomas Ewing (R-IL) and *The Houston Chronicle* called for an end to use of live ordnance. Puerto Rico's attorney general plans to ask the Federal court to bar Navy activity for failing to live up to a 1983 use agreement. Finally, we hope to announce next week the formation of an independent Special Commission chaired by Sec. Cohen to conduct a review of the issues involved. This action is expected to diffuse the situation significantly.

Marianas Foreign Labor System: ABC's 20/20 joined *The Washington Post* in reporting on the investigation conducted by human rights, labor, and legal groups in the Northern Mariana Islands. The investigation found serious worker abuses and called for House Majority Whip Tom DeLay (TX) to be investigated for blocking legislation to apply national immigration and wage laws as you have proposed.

Small Territories Interagency Group: Guam Governor Carl Gutierrez (D) asked to be present when you sign a directive officially creating the interagency group on the insular areas other than Puerto Rico. IGA will recommend a signing event once the directive is ready to sign.

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THE WHITE HOUSE

WASHINGTON

May 28, 1999

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MEMORANDUM FOR THE PRESIDENT AND THE VICE-PRESIDENT

FROM: Kenneth H. MacKay, Jr. *KH MacKay*

SUBJECT: Special Envoy for the Americas Weekly Report

CBI: I continue to work in close coordination with the NEC, USTR and White House Legislative Affairs on CBI legislation. This week I met with Ambassador Bernardo Vega of the Dominican Republic who shared concerns over eligibility requirements contained in the Administration's CBI bill. I also held a meeting with top textile and apparel industry representatives to obtain their perspective on legislative strategy. On the hill, I met with Representative Robert Menendez who indicated that he and colleagues in the Hispanic Caucus would like to support a bill this year – particularly, if a change is made to strengthen administrative aspects of the workers' rights provisions. I also wrote an op-ed piece for "Diario de las Americas" regarding the need to pass CBI Enhancement legislation this year. *g*

Business Outreach: I met with members of the U.S. business community to discuss issues they face as they invest in Latin America. Some of the issues raised were intellectual property rights, transparency and the proposed Bolivia-Brazil natural gas pipeline.

Central America Outreach: I leave May 31st for a four country tour of Central America. I will be visiting El Salvador, Nicaragua, Honduras and Guatemala. I will be meeting with government officials and other key figures. In addition I will be viewing hurricane reconstruction efforts that will be funded by the recently passed Central American Supplemental bill.

Caribbean Outreach: I met with Prime Minister Owen Arthur of Barbados and Prime Minister Keith Mitchell of Grenada, as well as other officials from Belize and Jamaica, to discuss moving forward and beyond the difficulties Caribbean/U.S. relations have recently faced due to the banana issue. The meeting was positive and productive. We agreed to have a follow up meeting with broader representation from the Caribbean during the OAS General Assembly.

Panama Outreach: I met with Vice President – Elect Arturo Vallerino of Panama. This served as follow-up to my recent visit to Panama. During the meeting the Vice President- Elect stressed building a strong relationship between our two countries in a post canal transfer era. I concurred and communicated our interest in working closely with the in-coming government. President – Elect Moscoso and Vice President – Elect Vallerino take office September 1, 1999. ✓

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THE WHITE HOUSE

WASHINGTON

May 28, 1999

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MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Summary of Cabinet Weekly Reports
May 22 - 28, 1999

AMPLIFICATION OF PRESIDENTIAL INITIATIVES

- **Budget Amplification:** On May 26, Cabinet Affairs and OMB hosted a conference call to amplify your response to the severe Congressional budget proposals for agency funding cuts and tax breaks. Secretaries Babbitt, Riley, Shalala, Herman, Daley, and Richardson, Attorney General Reno, and Administrator Browner will amplify your fiscal responsibility, saving Social Security first, and long-term choice messages to markets in 48 cities and 32 states through current and proposed travel, editorial boards, interviews, and speeches.

DEPARTMENT OF TREASURY

- **Russia:** On May 28, Minister of Finance Zadornov, a reform-minded technocrat, announced that he would resign from the Cabinet rather than accept a promotion to First Deputy Prime Minister in charge of economic and financial issues. His promotion was announced on May 25, at which time it was announced that he would remain as Finance Minister and assume his new position. Treasury is monitoring the situation in Russia closely. In mid-June, IMF Managing Director Camdessus is scheduled to travel to Russia for an economic conference.
- **TreasuryDirect:** *TreasuryDirect* is an internet- and telephone-based service that allows customers to purchase Treasury securities easily, safely, and at generally lower cost than through private sellers. In May, the Bureau of Public Debt distributed the findings from the 1998 *TreasuryDirect* Customer Service Survey. Overall, 96 percent of respondents

said the service is "always" or "frequently" responsive to their needs as investors. The vast majority gave "excellent" or "good" ratings to every *TreasuryDirect* service in place at the time the survey began.

DEPARTMENT OF JUSTICE

- **Denaturalization Case Against John Demjanjuk (N.D. OH):** On May 19, DOJ sought for the second time to revoke the U.S. citizenship of John Demjanjuk. Demjanjuk had been denaturalized in 1981 and extradited to Israel to stand trial on charges of being "Ivan the Terrible," the infamous gas chamber operator of the Treblinka death camp. An Israeli trial court convicted him, but the Israeli Supreme Court reversed. Subsequent proceedings in the Sixth Circuit and the district court in Cleveland, OH resulted in a decision that vacated the original denaturalization order, but ruled that the U.S. could institute renewed denaturalization proceedings if the evidence against Demjanjuk warranted such action.
- **Police Integrity Conference:** On June 9-10, DOJ will hold a Police Integrity/Trust Building Conference in Washington, DC. The conference will bring together police executives, public officials, civil rights and civic leaders, members of community-based groups, and members of the academic community to participate in a comprehensive dialogue. Participants will address five key areas: Hiring and Recruiting, Use of Force, Racial Profiling, Police Management Practices, and Community Relations.
- **CIRCLE Project:** On May 20, Associate Attorney General Fisher met with leaders from three tribal governments -- Oglala Sioux, Northern Cheyenne, and Zuni Pueblo -- to kick-off DOJ's CIRCLE (Consortium of Indian Resources Cooperating in Law Enforcement) Project. Under the Project, each tribe, with DOJ assistance, will develop a comprehensive strategic plan for crime reduction and increased public safety that will serve as the basis for their application to seven grant programs.
- **Community Policing Report:** The release of the Bureau of Justice Statistics/Office of Community Oriented Policing Services report *Criminal Victimization and Perceptions of Community Safety in 12 Cities, 1998*, which details citizen perceptions of crime and community policing, has been pushed back from May 27 to June 3.
- **Drug Court Grants:** On June 4, the Office of Justice Programs will announce approximately \$14 million in drug court planning, continuation, and enhancement grants to approximately 145 courts. The awards, administered by the Office of Justice Program's Drug Courts Program Office, will be announced at the National Association of Drug Court Professionals Annual Conference in Miami, FL. The Office of Justice Programs is also awarding approximately \$20 million to 70 courts that applied for funding in FY98, but did not receive awards due to insufficient funds.

DEPARTMENT OF INTERIOR

- **Commonwealth of the Northern Mariana Islands (CNMI):** The Lieutenant Governor of the CNMI has opposed the Administration's draft labor and wage bill. The draft bill is similar to one the Administration sent to the last Congress for consideration.
- **Aurora, CO Military Lands for Parks:** NPS is completing the transfer of portions of two former military bases, Lowry AFB and Army Garrison Fitzsimons, to Aurora, CO. The transfers total about 35 acres. Over the past 25 years, Aurora has obtained five prior transfers totaling nearly 525 acres, including significant open space resources through the Federal Lands to Parks (FLP) program authority, which was established by the Federal Property and Administrative Services Act of 1949, 50 years ago.
- **DOI-DOJ Interagency Agreement for Crime Victims:** DOJ has agreed to enter into an Interagency Agreement with DOI to provide \$288,000 over a three-year period. The funds will be used to provide in-service training to law enforcement personnel on the services available to victims and witnesses of crimes on public lands. Training will begin in FY2000.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Chesapeake Bay and Delaware River Runoff:** On June 2, Secretary Glickman will sign an agreement in Dover, DE with DE state officials implementing a Conservation Reserve Enhancement Program (CREP) to reduce sediment and nutrient runoff into the Chesapeake Bay and Delaware River by creating conservation buffers along nearly 600 miles of waterways. Under the agreement, USDA will contribute \$8 million and the State will provide \$2 million.
- **Disaster Relief:** On June 1, USDA will begin making the first of 267,302 payments to compensate farmers for losses from natural disasters in 1998 and over three of the previous five years, as provided for in the FY99 Omnibus Appropriations Bill. 197,172 farmers will receive an average of \$6,581 for 1998 losses, and 70,130 will get an average of \$8,092 from the multi-year loss compensation program. The average payment from both will total \$6,977.
- **Commodity Markets:** Good conditions for the U.S. winter wheat crop depressed cash and futures prices for wheat last week, with futures hitting contract lows. Corn cash and futures fell slightly on rapid planting progress, but soggy fields in Iowa and Nebraska are causing concern and limiting downward movement. Large supplies and weak exports pulled down soybean prices, also buffeted by falling vegetable oil prices. An upcoming tender for U.S. rice by Russia sent cash and nearby futures prices up. Cotton prices remain depressed by generally good crop progress. The approach of the summer grilling

season gave a slight boost to cattle prices last week. Steady marketings in the Midwest and falling wholesale pork prices led hog prices down. Seasonal demand continues to support broiler prices, despite a 6 percent increase in production over last year. Cheese prices fell slightly as production remains heavy. Competition for butterfat supplies helped force butter prices higher despite adequate supplies on hand.

- **New York City Food Stamps:** On May 26, the City of New York petitioned USDA to revise food stamp regulations to conform to the block grant approach Congress adopted in welfare reform for the TANF program.

DEPARTMENT OF COMMERCE

- **Visit of King Abdullah:** On May 17, Secretary Daley met with Jordan's King Abdullah to discuss steps Jordan can take to increase bilateral trade and encourage more U.S. investment. The Secretary announced that he intends to lead a business development mission to the Middle East this Fall. In addition, DOC staff arranged a meeting between American high-tech company officials and Jordanian business representatives who were traveling with King Abdullah. Lucent Technologies, Electronic Data Systems, Oracle Corporation, Eli Lilly, and Nortel met with representatives from the Jordanian Computer Association, Association of Pharmaceutical Manufacturers and the Federation of Chambers of Commerce to encourage American firms to seek Jordanian business opportunities.
- **Auto Parts Advisory Committee Meeting (APAC):** The Auto Parts Advisory Committee's (APAC) new Chairman, Ron Cutler of TRW, convened his first meeting as APAC Chairman May 20. Under Secretary Aaron addressed the group stressing the high priority that DOC and the Administration place on the U.S.-Japan auto issue and noting the importance of the APEC Automotive Dialogue to trade in the Asia-Pacific region. Other issues on the agenda included the Korean Automotive MOU and China's accession to the WTO. Committee members held briefings on the Hill before and after the meeting to present the findings of the latest APAC report on trade with Japan. Secretary Daley sent copies of the report to each Member of Congress.
- **Beef Hormones:** Since the EU failed to remove restrictions on U.S. beef by the deadline, on May 17, the U.S. notified the WTO Dispute Settlement Body (DSB) of intent to suspend concessions covering trade in the amount of \$202 million. The DSB will meet on June 3 to hear the U.S. request. The EU will challenge the amount and plans to ask that the level of retaliation be sent to arbitration. The final list of products will be published following the DSB authorization and will correspond in value to the WTO authorized damage amount.

- **Entity List:** On May 28, the *Federal Register* published a final rule that will add six Chinese entities to the Export Administration Regulations' (EAR) Entity List. A license will be required for the export or reexport to these six Chinese entities of all controlled items subject to the EAR. Since February 1997, DOC has added entities to the list on several occasions to identify foreign end-users involved in proliferation.
- **Training for National Laboratories:** On June 29, the Bureau of Export Administration will give a presentation on how to determine the level of proliferation risk when exporting to foreign nuclear facilities. The talk will be given at the annual Export Control Coordinators Organization meeting in Rosslyn, VA, a meeting of individuals with responsibility for export control issues at DOE's national laboratories.
- **Presidential Certification for Missile-Related Exports to China:** Assistant Secretary Majak briefed Congressional staff on the first Presidential certification -- as mandated by the National Defense Authorization Act of 1998 -- for the export to China of missile technology items. The transaction involves satellite fuel and separation systems (explosive bolts) for multiple shipments of replacements for satellites to be launched in China for a low Earth orbit U.S. communications "constellation." Fifteen days prior to shipment, the Act requires certification to Congress that: 1) no harm will occur to the U.S. space launch industry, and 2) no assistance will be conveyed to Chinese missile programs as a result of the export. The White House delivered the certification to Congress on May 11, and the U.S. company would like to meet its commitment for an early June launch.
- **Census Monitoring Board:** Tony Coelho, the Democratic co-chair of the Census Monitoring Board, has resigned to devote his attention to his new post as General Chairman of Vice President Gore's presidential campaign. The eight-member Board was created in late 1999 as part of a compromise agreement between Congress and the Administration to resolve a stalemate over the use of sampling methods in the 2000 census.
- **Export Controls on Explosive Detection Systems:** The Bureau of Export Administration will soon publish a new rule that will increase the scope of controls under the Export Administration Regulations on explosive detection systems and related technology. Once published, the rule will impose an export license requirement for the export and re-export of both FAA certified as well as non-FAA certified explosive detection systems. This rule is intended to address concerns that exports of explosive detection systems may lead to diversion to terrorist groups which could develop methods to evade the detection systems' sensors.

- **FY2000 Defense Authorization Act:** The Senate Armed Services Committee reported out the FY2000 Defense Authorization Act, which contains two provisions affecting the spectrum management authority of the National Telecommunications and Information Administration (NTIA) and the FCC. Section 1049 of the bill would give DoD superior status over any commercial or other governmental entity in any band of spectrum in which a DoD communications system operates, and require that such a commercial or non-DoD system alter its own communications system or pay for the alteration of a DoD system to protect DoD systems from interference. Section 1050 would prohibit the FCC from issuing a license to any entity or its affiliate if that entity is otherwise broadcasting into the U.S. without authorization on spectrum used by DoD. Both of these provisions undermine the current system of spectrum management and give DoD superior claims to the use of radio spectrum over all other governmental or commercial uses. DOC is working with OMB to prepare language for the Statement of Administration Position on these provisions.
- **V-Chip:** The Office of the Vice President has asked for the NTIA's assistance in drafting a letter from you to *NBC* President Robert Wright regarding the V-chip and ratings system for television. The letter will urge *NBC* to join other major networks in adopting the industry's rating system, which will utilize the V-chip that will be in televisions starting July 1. 

DEPARTMENT OF LABOR

- **International Fatherhood Conference:** On May 31-June 3, DOL, in partnership with the National Center for Strategic Nonprofit Planning and Community Leadership (NPCL) and HHS, will sponsor an International Fatherhood Conference in San Francisco, CA. The conference will bring together service providers, grassroots organizations, employers, government representatives, and individual fathers to discuss the challenges facing fathers in the coming millennium. DOL plans to establish a Noncustodial Parent Program Network that will be maintained beyond the conference. It will bring together Welfare-to-Work formula and competitive grantees serving this population to share service options, explore promising practices, and facilitate a peer learning information network.
- **Metalworking Industry:** On May 24, the strike by United Steelworkers Union against Newport News Shipbuilding and Repair entered its sixth week with minor progress in negotiations.
- **Child Labor:** On May 24, DOL provided funds for programs that target the elimination of child labor in Uganda and Guatemala -- a \$1.2 million national program on the elimination of child labor in Uganda, and \$1.2 million for a project in the fireworks industry in Guatemala. The project in Uganda: will provide assistance to the government

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to develop a national policy and plan of action to combat child labor, take specific measures to harmonize the country's child labor legislation with international standards and develop its institutional capacity to investigate and monitor the problem. Lastly, the project will feature a public education component to garner understanding and support for this initiative and to begin changing societal attitudes on abusive child labor. The Guatemala project will focus on identifying children in the fireworks industry; setting up formal and non-formal education programs, health care services and income-generating activities for families; strengthening law enforcement; educating families, teachers, factory owners and communities about the hazards faced by children in the industry; and encouraging and motivating families to withdraw children from work and participate in the project.

- **Job Corps:** On June 1, Secretary Herman will participate in a ceremony to open the Montgomery Job Corps Center in AL.
- **Dislocated Worker Grants:** By June 6, DOL plans to award Title III grants to the following states: 1) up to \$12,197,997 to assist about 4,200 workers laid off from the oil and gas and related energy sectors in TX; 2) up to \$4,037,688 to provide job training and other services to 375 of the 1,216 workers who are being dislocated from several high-tech industries in WA; 3) up to \$2,700,600 to provide job training and other reemployment services to 320 of the 1,600 workers who are being dislocated from the Boeing plant in Ridley Park, PA; and 4) \$1,719,134 to provide job training and other services to 300 of the 680 workers laid off from the Wonder Bread Company bakery located in Natick, MA.
- **Employment Numbers:** On June 4, BLS plans to release the Employment Situation figures for May 1999.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Kosovo:** The Office of Refugee Resettlement (ORR) continues to coordinate the efforts of the Center for Disease Control and Prevention (CDC), and other federal agencies working with refugees arriving at Ft. Dix. The next plane carrying refugees was scheduled to land on May 28. Currently, there are over 3,500 refugees at Fort Dix.
- **Cognitive-Behavioral Therapy for Youth Depression:** On June 1, the Agency for Health Care Policy and Research (AHCPR) expects to announce a new mental health four-year, \$2.7 million grant that has been awarded to Gregory Clarke, Ph.D., of the Kaiser Foundation Research Institute. The study, entitled "HMO Collaborative Care Treatment for Depressed Youth," is an effectiveness trial developing a primary care model of cognitive-behavioral therapy for youth depression as an adjunct to primary care medication treatment of adolescent major depression. The findings from the study are

expected to impact all adolescents diagnosed with major depression who receive care in large, integrated health care systems by promoting collaboration between primary care and mental health specialty providers.

- **Cluster of HIV-Positive Women in NY, 1997-98:** The Centers for Disease Control and Prevention recently assisted the NY State Department of Health and the Chautauqua County Department of Health in an investigation of a cluster of HIV infections among young women, reportedly infected through heterosexual sex with the same man. Results of the investigation indicate that 13 (or 31 percent) of the 42 identified primary sexual contacts of the infected man were HIV-positive. DNA analyses revealed that at least 10 of these young women (ages 13-24) were infected by the same individual. The results of the investigation indicate that HIV was transmitted heterosexually from one infected male to a large percentage of his female partners.
- **Nursing Home Quality:** On June 3, AHCPR expects to announce the findings of a study, "Stakeholders' Opinions Regarding Important Measures of Nursing Home Quality for Consumers," by Dr. Charlene Harrington of the University of California, San Francisco. The study will be published in the June 6 issue of the *American Journal of Medical Quality*. The "stakeholders" Dr. Harrington surveyed regarding their opinions of the specific categories and indicators of quality used by HCFA in the survey and certification process for nursing homes, included nursing home administrators, directors of nurses, State survey agency training coordinators, State ombudsmen, and nursing home advocates. All agreed on the three most important categories: quality of care, quality of life, and residents' rights.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Community Development Block Grant (CDBG):** At an event sponsored by San Francisco Mayor Brown to celebrate the 25th Anniversary of the CDBG, Secretary Cuomo called on the U.S. Conference of Mayors, the National Association of Counties, and the National Community Development Association to ask Congress to fully fund your proposed \$28 billion budget for HUD, including \$4.775 billion for the CDBG Program.
- **Bayview:** HUD shared in a presentation with Senator Robb announcing \$3 million in federal aid to Bayview, a rural Eastern Shore community in VA. The federal assistance will be used to improve housing and drinking water in one of VA's poorest towns. HUD contributed \$150,000 for the construction of a community center equipped with shower and bath facilities in the settlement of 114, where 46 of the 52 homes lack indoor plumbing and where tar-paper shacks were built to house descendants of freed slaves.

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- **National Conference on Women:** On June 27-30, the Office of Substance Abuse and Mental Health Services is co-sponsoring with the Substance Abuse and Mental Health Services Administration (SAMHSA) and fourteen provider agencies, the Second National Conference on Women, "Life Pathways: Women Healing, Thriving, and Celebrating" in Los Angeles, CA.
- **State of the Cities:** On June 12, Secretary Cuomo will travel to New Orleans, LA to deliver the State of the Cities address to the U.S. Conference of Mayors.

DEPARTMENT OF TRANSPORTATION

- **Mexico Bilateral:** On June 3-4, Secretary Slater will attend the U. S.-Mexico Binational Commission transportation working group meeting in Mexico City to discuss a two-part draft agreement Mexico presented addressing NAFTA disputes. On May 21, Secretary Slater met with Mexican Secretary of Communications and Transport Carlos Ruiz Sacristan to discuss the plan and other topics to be covered during the binationals.
- **Drowsy Driving:** On June 3, DOT will hold a joint news conference with the National Center on Sleep Disorders Research (NCSDR) at the National Institutes of Health's National Heart, Lung, and Blood Institute to release a report to Congress on drowsy driving. The report titled *The NHTSA and NCSDR Program to Combat Drowsy Driving*, describes the collaborative efforts of the development of science-based education and information materials and programs to target teens and shift workers--two of the most vulnerable groups for drowsiness-related crashes. *Wm*
- **Buckle Up America:** Secretary Slater announced new NHTSA data showing that restraint use among toddlers ages 1-4 increased dramatically from 60.1 percent in 1996 to 87 percent in 1998, and restraint use among infants less than one year old increased from 85.2 percent in 1996 to 93 percent in 1998. The information, which was collected from the 1998 National Occupant Protection Use Survey, also showed that restraint use among ages 5-15 increased from 64.6 percent in 1996 to 68.7 percent in 1998; ages 16-24 increased from 49.5 percent in 1996 to 54.7 percent in 1998; ages 25-69 increased from 62.4 percent in 1996 to 66.8 percent in 1998; and ages 69 and over increased from 68.8 percent to 73.9 percent. The NOPUS also showed that between May and December 1998, seat belt use rose from 62.2 percent to 69.9 percent nationwide--the highest use rate ever.
- **Possible Labor Disruption by the Canadian Air Traffic Controllers:** The likelihood increases that the Canadian Air Traffic Controllers Association (CATCA) may strike against Canada's Air Navigation System (NavCanada), within the next three weeks. Settlement discussions are ongoing. On June 7, the Canadian air traffic controllers will have the right to strike--that right remains in effect for as long as no settlement is reached.

In case of a strike, the Canadian Government is expected to seek emergency back-to-work legislation, which could take a minimum of 24 to 72 hours. Its outcome cannot be predicted with certainty. The FAA and NavCanada developed contingency plans to ameliorate the effects of a possible strike and to maintain operational safety. A controller strike would result in the cancellation of NavCanada's entire domestic and international air services, including U.S.-Canada trans-border operations. A strike would also seriously disrupt U.S. carrier international operations for those flight routings that traverse Canadian air space enroute to Pacific and Atlantic points, which are now handled by CATCA.

- **Norfolk Southern/CSX Transportation Split Day:** On June 1, Federal Railroad Administrator Molitoris will visit the Chief Executive Officers of Norfolk Southern Corporation (NS) and CSX Transportation (CSX) in Norfolk, VA and Jacksonville, FL, respectively, to make a first hand inspection of split day operations as NS and CSX begin to operate on track acquired from the Conrail. For the first time ever, the Surface Transportation Board, on advice from the Federal Railroad Administration, required the acquiring railroads to submit Safety Integration Plans to identify how the acquiring railroads would safely integrate assets.
- **727 Emergency Airworthiness Directive:** On May 21, as a precautionary measure, the FAA ordered operators of high-time Boeing 727 aircraft to test for holes in conduits carrying electrical wires through fuel tanks. This action was in response to reports of severe wear on the wiring of two B-727's with more than 50,000 total flight hours. They will affect 1,051 aircraft at a cost of \$252,240.
- **Hispanics and Traffic Safety:** On May 26, the National Coalition of Hispanic Health and Human Services Organizations participated in a one-hour radio program through Radio Bilingüe, Inc., the nation's largest Spanish-language radio network, to highlight occupant protection issues. The radio program coincided with the Buckle Up America Mobilization and reinforced the risk of receiving citations for failure to comply with car seat and seat belt laws. Additionally, on June 5, the Barrio Comprehensive Family Health Care Center will hold a bike rodeo in San Antonio, TX to deliver safety messages for children. Barrio has participated in the National Hispanic Traffic Safety Program since January.
- **Planning and Environmental Streamlining:** On June 9, the Senate Environment and Public Works Subcommittee on Transportation and Infrastructure will hold a hearing on the streamlining of highway and transit projects. The hearing was originally scheduled for May 20. Assistant Secretary for Transportation Policy Conti will testify on behalf of DOT and George Frampton will testify on behalf of CEQ.

DEPARTMENT OF ENERGY

- **First Shipment of Refurbished W87s to the Air Force:** In 1994, the Nuclear Weapons Council (NWC) directed DOE and the Air Force to complete a W87 Life Extension Program to refurbish the weapon for long-term use in the Intercontinental Ballistic Missile force structure. Following DOE's presentation to the DoD Design Review and Acceptance Group last week, the Group signed a letter to NWC recommending acceptance of the refurbished W87 as a limited stockpile item. The first units will be shipped to the Air Force from DOE's Pantex Laboratory by late May or June for deployment. This is the first system to complete the Life Extension program of DOE's Stockpile Stewardship.
- **Bilderberg Conference:** On June 4-6, Secretary Richardson will join 125 participants from 28 countries in Sintra, Portugal at the Bilderberg Conference. Representatives of industry, academia, and government will focus on international political, economic, and scientific issues.
- **Brightfields Renewable Energy and Job Creation Program:** On June 30, Secretary Richardson is scheduled to travel to Chicago, IL to kick-off the Brightfields Program. DOE has been working with the City of Chicago and other Federal agencies, cities, utilities, corporations, schools, and environmental groups on a DOE-led Brightfields Initiative to bring renewable energy systems and high-tech solar manufacturing jobs to abandoned or underused industrial and commercial sites (Brownfields).

DEPARTMENT OF EDUCATION

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- **E-RATE:** On May 27, FCC Commissioners voted on funding for the E-RATE in year two. On May 5, FCC Chairman Kennard recommended full funding for the E-RATE at \$2.25 billion. On May 21, Secretaries Riley, Glickman, and Daley wrote to the FCC supporting Chairman Kennard's recommendation. In its first year, the E-RATE provided \$1.3 billion to help connect 640,000 classrooms to the Internet and serve 32 million schoolchildren.
 - **Peer Sexual Harassment:** On May 24, the Supreme Court ruled 5 to 4 that a school can be liable for damages under Title IX for peer sexual harassment. A school is liable if it is deliberately indifferent to the sexual harassment and has actual knowledge of it. The harassment must also deprive the victim of access to educational opportunities or benefits provided by the school. The decision is a reversal of the Eleventh Circuit and affirms a longstanding DOE interpretation of the law.

- **Columbine:** DOEd and DOJ are providing funds to the Jefferson County (CO) Schools for various activities to deal with the aftermath of the violence at Columbine High School and to promote a safer environment.

DEPARTMENT OF VETERANS AFFAIRS

- **Hybrid Tea Rose:** On May 27, in conjunction with Memorial Day, VA medical facilities across the country held planting ceremonies to unveil a new commemorative rose, designated "Veterans' Honor," to pay tribute to those who have served in uniform. A portion of the proceeds of the sale of the roses will go to veterans' issues.
- **VA Named "Public Employer of the Year" for People with Disabilities:** The magazine *Careers and the Disabled* selected VA as "Public Employer of the Year" for its commitment to recruiting, hiring and promoting people with disabilities. In citing VA achievements, they noted: VA employs nearly 20,000 persons who have identified themselves as having a disability, including more than 15,000 disabled veterans; VA promoted more than 2,800 employees with disabilities in FY98; and VA trained approximately 9,300 disabled veterans and assisted them in obtaining suitable employment or achieving their goal of independent living.

ENVIRONMENTAL PROTECTION AGENCY

- **Transported Air Pollution Rule:** On May 25, the DC Court of Appeals indefinitely stayed EPA's requirement that 22 states demonstrate how they will reduce transported air pollution -- known as the SIP (State Implementation Plan) Call. This requirement stems from the NOx rule, announced in September 1998 requiring states that contribute significantly to ozone problems in other states to reduce their emissions of nitrogen oxides (NOx) gases, which contribute to the formation of Ozone (smog). Under the rule, 22 Southeastern and Midwestern states will have to implement air pollution controls on major sources, such as power plants, by 2003. The Court's order comes in response to a stay motion filed by eight upwind states subject to the SIP Call. The May 25 action was not a final ruling on the merits of the NOx rule, but will likely delay the SIP Call deadline of September 1999. The Court previously indicated that it will hear arguments on the merits of the NOx rule in the Fall. EPA intends to argue the need to move forward with these important public health protections.

UNITED NATIONS

- **Iraq:** On May 21 the Security Council unanimously adopted resolution 1242 to renew the Oil-for-Food program for Iraq for another six months until November 1999. Council members agreed to support a straight-forward rollover of the Oil-for-Food program and to make improvements to the UN's overall humanitarian program in Iraq via an omnibus

Council resolution on Iraq. The Russian and Chinese used their explanations of vote to criticize the U.S. and UK No-Fly Zone policy and actions.

SMALL BUSINESS ADMINISTRATION

- **Small Business Week:** On May 23-25, SBA celebrated Small Business Week. Five members of the British House of Commons attended the opening ceremony. The British Parliament is considering building a small business administration within their Commerce Department. In addition, John Podesta, Ann Lewis, Janet Yellen, and Gene Sperling briefed the Small Business Week award winners in Presidential Hall on the Administration's accomplishments. The winners reflect the diversity of America: 44 percent of this year's winning businesses are owned or co-owned by women--one of the fastest-growing sectors in the economy; 23 percent are minority-owned; 63 percent are family-owned and operated; 21 percent are veterans. More than 50 percent export goods to over 50 different countries.
- **New Markets:** SBA and USDA are discussing the possibility of USDA county extension agents and other field offices becoming Rural Pre-Qualification intermediaries. In addition, a meeting was held to discuss establishing a national award among financial institutions supporting minority and women-owned businesses. The awards are intended to honor nationwide financial institutions leading in loans funded on behalf of minority and women entrepreneurs.
- **8(a) Firms:** SBA and the Kenan Institute discussed a management and technical assistance proposal that would provide a menu of business development assistance for 8(a) firms located in targeted locations. The Kenan Institute of the University of North Carolina offers an array of business development assistance which includes mentoring, capital requirement, goals assessment, and strategic business planning. The concept involves combining the talent of Americorps students with the Kenan Institute's business development framework to provide direct management and technical assistance to 8(a) businesses.

OFFICE OF PERSONNEL MANAGEMENT

- **Balancing Work and Family:** On May 23, Director Lachance accompanied you to Grambling State University to announce two Presidential Directives to expand the family-friendly opportunities available to Federal Employees. These directives will allow employees to use up to 12 weeks of accrued sick leave per year to care for a family member with a "serious health condition," and establish an Interagency Family Friendly Workplace Working Group to "promote, evaluate, and exchange information on federal family friendly workplace initiatives."

UNITED STATES INFORMATION AGENCY

- **Foreign Media Reaction to Kosovo:** Supporters of NATO intervention in the foreign media expressed frustration and criticism of the conduct of the operation's progress. Agencies view Milosevic's continued intransigence with consternation and lament the perceived weakness of U.S. leadership, particularly with regard to the subject of ground troops. Agencies in Britain, Israel, and Australia are more upbeat, predicting that the U.S. and the Allies appear to be changing policy from air power toward the imposition of ground troops. Critics contend that NATO has lost any claim to moral superiority because it has caused hundreds of civilian casualties. A majority of commentators on both sides of the opinion spectrum found that, after two months of Operation Allied Force, the air strikes have accomplished little and that Milosevic shows no concrete signs of surrendering to the conditions posed by NATO.

GENERAL SERVICES ADMINISTRATION

- **Kosovo:** Region 3's Distribution Center and the U.S. Army are working together providing assistance to the Kosovar refugees arriving at Ft. Dix, NJ as part of the Joint Task Force for Operation Open Arms. The Region has provided furniture and other items from the excess property program. In addition, the Distribution Center has delivered emergency orders for cleaning, food service, and other items the same day or within 24 hours of receipt.

cc:

The Vice President

John Podesta

Sandy Berger

Sidney Blumenthal

Mary Beth Cahill

Maria Echaveste

George Frampton

Mickey Ibarra

Ben Johnson

Janis Kearney

Ron Klain

Neal Lane

Jack Lew

Ann Lewis

Joe Lockhart

Buddy MacKay

Minyon Moore

Bruce Reed

Steve Ricchetti

Doug Sosnik

Gene Sperling

Larry Stein

Loretta Ucelli

Melanne Verveer