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6-7-99

THE WHITE HOUSE

WASHINGTON

June 5, 1999

MR. PRESIDENT:

Attached are the following weekly reports:

(A) **Weekly Economic Briefing**

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

(C) **NEC**

(D) **DPC**

(E) **CEQ** Tab A: Yellen / Podesta

(F) **OSTP** Tab C: Sperling / Podesta

(G) **Legislati** Tab D: Reed / Kagan / Podesta

(H) **Commun** Tab F: Lane / Podesta

(I) **Public Li** Tab K: Ibarra / Podesta

(J) **Race Init** Tab L: Marshall / Balderston / Podesta

(K) **Intergov** Tab M: Moore / Podesta

(L) **Cabinet**

(M) **Political Affairs**

Sean Maloney

6-7-99

THE WHITE HOUSE

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(I) **Public Liaison**

(J) **Race Initiative**

(K) **Intergovernmental**

(L) **Cabinet Affairs**

(M) **Political Affairs**

Sean Maloney

6-7-99

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

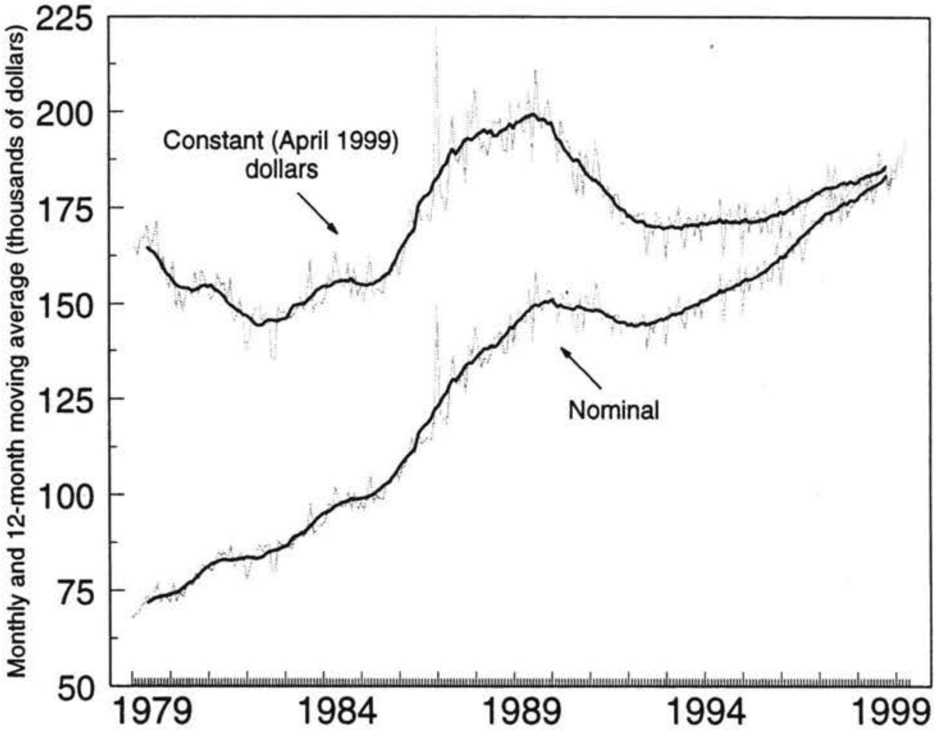
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

June 4, 1999

copied
Yellen
Podesta

CHART OF THE WEEK

Real and Nominal New Home Prices



This week's report on new home sales showed strong growth in April and a rise in the average price of a new home to an all-time high. Adjusted for inflation, however, new home prices remain below the peak levels reached in the late 1980s and early 1990s.

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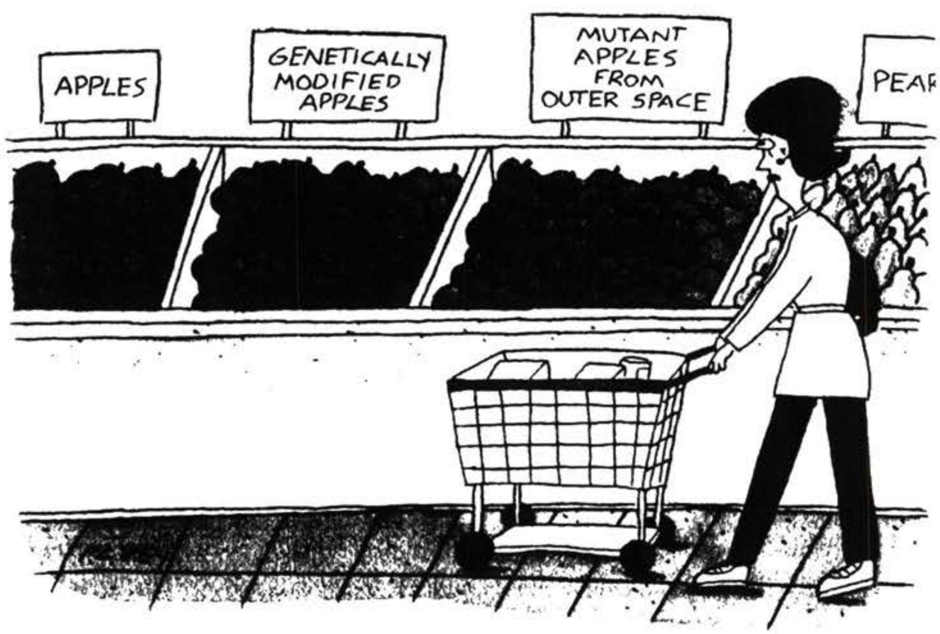

SPECIAL ANALYSIS

Agricultural Cooperatives Plow New Ground

Many small farmers worry that they are being put at a competitive disadvantage by structural changes in the farm economy such as vertical coordination, industry consolidation, and new contracting arrangements. A new form of agricultural cooperative may offer some a way to become more competitive.

Background. An agricultural cooperative is a business organization, usually incorporated, that is owned and controlled by member agricultural producers. Cooperatives are non-profit and dividends on member capital are limited. Of the more than 3,800 U.S. farmer cooperatives in 1996, about 52 percent engaged primarily in marketing activities (chiefly grain, soybeans, dairy, fruits and vegetables, livestock, sugar, and rice); 36 percent in supply purchasing activities (chiefly seed, fertilizer, petroleum, farm chemicals, feed, and building materials); and about 12 percent in specialized services related to marketing or purchasing.

New generation cooperatives. So-called "new generation" cooperatives have been sweeping through the Great Plains, particularly North Dakota and Minnesota. These cooperatives focus on value-added processing (one example is the very successful Dakota Growers Pasta Company) and require grower and producer agreements as well as an up-front equity investment by members. Low prices seem to encourage farmers to look for alternatives to basic commodity production and may increase their motivation to participate in new generation cooperatives. For example, durum wheat was selling at only $2.20 per bushel at the time discussions began to form the Dakota Growers Pasta Company. Between 1990 and 1997, 28 new generation cooperatives were initiated with headquarters in North Dakota (seven have since disbanded or become inactive).

Vertical integration. Cooperatives increase small farmers' ability to negotiate favorable prices with large buyers. New generation cooperatives add the following additional advantages from vertical integration:

- Increased efficiency. Growers and producers sign up-front agreements that reduce the costs of writing and enforcing contracts. Cooperatives can also lower production risks by assuring a steady supply of inputs to the processing stage.

- Increased net income. To the extent that value-added production generates higher or steadier profits than crop production, cooperatives offer small farmers a share in those profits that could boost their net income.

Implications. Agricultural cooperatives offer the intriguing possibility of opening up opportunities for a new generation of farmer-entrepreneurs. They could also help the rural economy by keeping value-added activities local.

6-7-99

SPECIAL ANALYSIS

GAO Offers a Glimpse of Welfare Leavers' Outcomes

Last week the General Accounting Office released a compilation of state studies of post-1995 welfare leavers. The report shows that many former welfare recipients are working—though at low wages. It also is a reminder that the data necessary to evaluate important questions about the effects of welfare reform remain relatively meager.

Results from seven states. There are no Federal requirements for states to report on the status of former welfare recipients, but 17 states (some with Federal funding) thus far have undertaken studies of welfare leavers. The GAO determined that only the information from Indiana, Maryland, Oklahoma, South Carolina, Tennessee, Washington, and Wisconsin was comprehensive enough to generalize the findings to most families who had left welfare in the state at the time of the study. However, these seven states account for only about 8 percent of all leavers, and their studies do not provide a valid basis for drawing conclusions about the national population of welfare leavers. In addition, differences among the studies mean that the results are not completely comparable across the states.

Employment. The main consistent finding across studies was that most former welfare families had an adult who was or had been employed since leaving welfare. Studies measuring employment at the time of the follow-up (between 2 and 18 months after leaving the rolls) reported employment rates ranging from 61 to 71 percent. Those measuring whether an adult in a family had ever been employed after leaving welfare found employment rates ranging from 63 to 87 percent. However, the four studies that measured both found that the percentage ever employed was substantially higher than the percentage employed at the time of the follow-up. In addition, these employment rates generally exclude families who returned to welfare, and some evidence suggests their numbers are substantial (19 percent after 3 months in Maryland; 30 percent after 15 months in Wisconsin). Including such families would most likely produce lower employment rates, since many former recipients who return to the rolls are unemployed.

Income and earnings. All studies reported some information on former recipients' earnings or wages but far from a complete picture of hourly wages or number of hours worked—and certainly not enough information to draw strong conclusions about whether families were better or worse off after leaving the welfare rolls. The GAO reports average quarterly earnings ranging from $2,378 to $3,786, which would extrapolate to annual earned incomes of about $9,500 to $15,000—greater than the amount of cash assistance and food stamps a family of three would receive, but not enough to rise above the Federal poverty level. However, some welfare recipients also have earnings. The Wisconsin study found that during their first year off welfare, less than half of the families had cash incomes higher than their incomes had been while they were on AFDC, including both benefits and earnings.

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Other findings. Data from five states show that many families who left welfare subsequently received noncash public assistance: between 44 and 83 percent received Medicaid benefits, between 31 and 60 percent received food stamps, and between 11 and 38 percent received SSI, WIC benefits, or child care subsidies. Lack of health insurance among children varied considerably (9 percent of children in families who left welfare in South Carolina were uninsured, compared with 20 percent in Oklahoma and 35 percent in Indiana).

Nonworking former recipients. Surveys in South Carolina and Wisconsin asked nonworking former recipients what stopped them from working for pay. The most frequent answers were their own physical or mental illness, followed by the inability to find a job, lack of transportation, and lack of child care. Wisconsin also attempted to determine how these families were supporting themselves. Among the approximately four-fifths that were not living with employed spouses or partners, 65 percent were receiving Social Security, state unemployment insurance, child support, or foster care payments; 23 percent were receiving noncash assistance such as free housing, rent subsidies, Medicaid, or food stamps.

Conclusion. Most states either are currently studying or plan to study former recipients. The GAO report compiles seven early studies of welfare leavers, showing that welfare recipients are taking jobs, often at low wages. This emphasizes the importance of income supports such as subsidized medical and child care and the EITC. As the report concludes, a broader picture of the status of this population will require state data that are more comprehensive and more comparable between states than what is currently available.

ARTICLE

Facing the Costs and Benefits of Cost-Benefit Analysis

Executive Order 12866 requires a cost-benefit analysis of all major new regulatory rules, and the Congress is considering legislation that would mandate wider use of cost-benefit analysis. However, effective use of cost-benefit analysis in regulatory rule-making remains hampered at one level by ongoing controversy about how to value environmental benefits, and, more deeply, by the inherent contradiction between the practical necessity of taking costs into account and the prohibition against doing so in some key environmental laws, especially the Clean Air Act.

Reducing vehicle emissions. EPA's proposed new emissions standards for passenger cars and light trucks (Tier II regulations) illustrate the issues that arise in carrying out a cost-benefit analysis of an environmental regulation. The new standards are designed to reduce vehicle emissions that contribute to the formation of ozone and particulate matter pollution. Meeting them will require changes to both vehicles and gasoline that will add an estimated $80 to the cost of a new car, up to $274 to the cost of a light-duty truck, and 1 to 2 cents per gallon to the price of gasoline. The estimated total costs are approximately $3.5 billion annually. The annual benefits of the proposed regulation—which include reductions in disease and premature mortality, improved visibility, and ecological benefits—have been estimated to be as low as $3.3 billion and as high as $19.5 billion. This extremely wide range reflects both uncertainty about the health impacts of exposure to pollutants and disagreements about the appropriate monetary value of premature mortality.

- <u>Uncertainty about health impacts</u>. It is unclear whether there is a relationship between ozone exposure and premature mortality. Some studies have found a statistical relationship between the daily mortality rate and ozone levels, but evidence on the long-term relationship between ozone exposure and premature mortality remains mixed. In the context of the Tier II regulations, estimates of the number of premature mortalities prevented by reducing ozone concentrations vary from none to 388 per year.

- <u>Valuing life</u>. Evidence on the "value of a statistical life," that is, the value of saving the life of a person from the general population (rather than any particular person), comes from studies of labor markets that observe the wage premium for risky jobs and from survey information. Such estimates range from $0.7 million to $16.6 million per life saved.

Can the process be improved? Unless standard procedures are used to address scientific uncertainty and to value a statistical life, the range of estimated benefits for environmental regulations is likely to remain large and the same debates concerning estimated benefits are certain to recur in the regulatory review process. One possibility would be to have an independent group of experts review existing evidence and establish best practices guidelines.

Can costs be ignored? Although few analysts would argue that regulatory rule-making can or should be based solely on the results of cost-benefit analysis, most economists defend it as a useful if imperfect tool to inform standard setting. However, the Clean Air Act requires standards to protect public health with an "adequate margin of safety" and explicitly forbids costs from being taken into account. This would seem to rule out the use of cost-benefit analysis. The recent decision overturning the 1997 National Ambient Air Quality Standards because the court could discern no "intelligible principles" for setting standards points out the difficulties of agency implementation of health-based standards under such circumstances.

The logical difficulty of assuring an adequate margin of safety without regard to costs is illustrated by ozone, a non-threshold pollutant for which any amount above zero may cause harm. Taken literally, the law requires that even if the incremental costs of eliminating the last trace of ozone are huge relative to any reasonable measure of benefits, those costs should be incurred. A practical solution requires some method of deciding how large a cost is too big to bear.

Conclusion. Cost-benefit analysis of health and environmental issues is hard to live with, because it involves difficult philosophical and practical issues about how to value the benefits of reduced morbidity and mortality. But it is also hard to live without, because it provides a useful framework for addressing inevitable trade-offs between the benefits of a cleaner environment and the costs of achieving those benefits. Both improving cost-benefit analysis and clarifying the way it should be used in the rule-making process would appear to offer clear benefits in better informing environmental and health policy decisions.

6-7-99

INTERNATIONAL ROUNDUP

How Likely Is a "Race to the Bottom" in Environmental Policy? Critics of international trade agreements often argue that lowering trade barriers will lead to a race to the bottom in environmental standards. The argument is that as companies move to countries with the most permissive environmental regulations, other nations will have to reduce the stringency of their own regulations to remain competitive. This scenario carries with it the assumption that foreign direct investment (FDI) responds significantly to international differences in regulatory stringency. However, a new study comparing regulatory stringency across U.S. ~~states found~~ that stringent environmental regulation had at most a very small effect on inward FDI. The authors recognize that the stringency of environmental legislation differs much more across countries than across U.S. states; however, other determinants of FDI (such as factor costs, market access, and transportation costs) also vary more across countries, so the relative importance of environmental regulation is likely to remain small.

Update on Effects of Asian Crisis on Poverty. This week, the World Bank released its latest estimates of the effects of the East Asia crisis on poverty rates in the region. Early results from the Bank's surveys confirm that the impact of the crisis was severe: in urban Korea, the average standard of living dropped 22 percent between 1997 and 1998, and the poverty rate jumped from 9 percent to 19 percent. In Indonesia, the average standard of living fell 24 percent, and the poverty rate rose from 11 percent to 20 percent, with the implication that about 20 million people—the equivalent of a medium-sized country—fell into poverty in Indonesia alone.

Mexico Cuts Deposit Insurance. Landmark measures designed to reduce government-sponsored deposit insurance came into effect this week in Mexico, as the new Institute for the Protection of Bank Savings introduced a 7-year plan to drop insurance levels to a maximum amount equivalent to about $100,000 per account. Mexico's current system, with no limit on the amount covered, is widely considered responsible for weaknesses in the banking sector, since depositors have little reason to choose their bank carefully. An initial cap equivalent to roughly $2.5 million will be introduced in January of 2003, with the tighter $100,000 cap being imposed on January 1, 2005. The program aims to protect the savings of small and medium-sized depositors and would help to bring Mexico's financial system more in line with those of its closest trading partners.

RELEASES THIS WEEK

Employment and Unemployment

****Embargoed until 8:30 a.m., Friday, June 4, 1999****

In May, the unemployment rate was 4.2 percent; it was 4.3 percent in April. Nonfarm payroll employment rose by 11,000.

Leading Indicators

The composite index of leading indicators decreased 0.1 percent in April, following no change in March.

NAPM Report on Business

The Purchasing Managers' Index increased 2.4 percentage points to 55.2 percent in May. (A reading above 50 percent indicates that the manufacturing economy is generally expanding.)

MAJOR RELEASES NEXT WEEK

Productivity (Tuesday)
Retail Sales (Friday)
Producer Prices (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
Nonfarm business (NFB) sector:					
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	March 1999	April 1999	May 1999
Unemployment Rate (percent)	6.7**	4.5**	4.2	4.3	**4.2**
Payroll employment (thousands)					
increase per month			**83**	**343**	**11**
increase since Jan. 1993					**18665**
Inflation (percent per period)					
CPI	5.8	1.6	0.2	0.7	N.A.
PPI-Finished goods	5.0	0.0	0.2	0.5	N.A.

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

New or revised data in **boldface.**
Employment and unemployment data **embargoed until 8:30 a.m., Friday, June 4, 1999.**

FINANCIAL STATISTICS

	1997	1998	April 1999	May 1999	June 3, 1999
Dow-Jones Industrial Average	7441	8626	10444	10854	10664
Interest Rates (percent per annum)					
3-month T-bill	5.06	4.78	4.29	4.50	4.52
10-year T-bond	6.35	5.26	5.18	5.54	5.80
Mortgage rate, 30-year fixed	7.60	6.94	6.92	7.15	7.41
Prime rate	8.44	8.35	7.75	7.75	7.75

INTERNATIONAL STATISTICS

Exchange Rates	**Current level June 3, 1999**	**Percent Change from Week ago**	**Percent Change from Year ago**
Euro (in U.S. dollars)	1.036	-0.8	N.A.
Yen (per U.S. dollar)	121.5	0.2	-12.2
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. $)	96.93	0.3	-0.8

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)	**4.2** (May)	2.3 (Apr)
Canada	2.8 (Q4)	7.8 (Mar)	1.7 (Apr)
Japan	-3.0 (Q4)	4.8 (Mar)	-0.1 (Apr)
France	2.2 (Q1)	11.4 (Mar)	0.5 (Apr)
Germany	1.8 (Q4)	[2] 7.2 (Mar)	0.6 (Apr)
Italy	0.9 (Q4)	12.3 (Jan)	1.5 (Apr)
United Kingdom	0.6 (Q1)	6.3 (Jan)	1.6 (Apr)

U.S. unemployment data **embargoed until 8:30 a.m., Friday, June 4, 1999.**

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.

cc: press
Sperling
Podesta

THE WHITE HOUSE

WASHINGTON

June 4, 1999

6-7-99

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORTS

cc: JOHN PODESTA

Social Security: Chairman Archer has announced that the Ways and Means Committee will hold hearings on reform proposals that achieve 75-year solvency next Wednesday (6/9) and Thursday (6/10). Senator Lott has stated that, upon its return, the Senate would take up the Social Security lock box again, most likely beginning Wednesday (6/9). Chairman Domenici is also rumored to be planning to back off of his debt limit lock box (which caused us such great concerns) in favor of something like the House-passed lock box, which creates points of order against spending the on-budget surplus. This past Tuesday (6/1) the NEC held a principals meeting to narrow options for plans that would make transfers to Social Security while still including as much of your State of the Union plan in an on-budget framework as possible. OMB, Treasury, SSA, and my staff are continuing to draft legislative language for your Social Security plan.

E-rate: On Thursday (5/27) the FCC voted 3-2 to increase the funding for the "e-rate" by $1 billion per year to $2.25 billion per year. This decision was strongly supported by the New Democratic Network, the Congressional Black and Hispanic Caucuses, educators, librarians, and some high-tech companies. This decision (unless reversed by the courts or the Congress) - will help ensure that we meet your goal of connecting every classroom to the Internet. Republicans attacked the decision as an increase in the "Gore tax."

Beef Hormones: You should know that at the WTO meeting this Thursday (6/3), the EU, as expected, asked for a 30 day arbitration on our damages estimate of approximately $202 million. (The EU claims that our damages are less than half that amount in part based on the retaliation we undertook later this decade). Therefore, any retaliation will occur well after the G-8 and EU-US summits. After EU General Affairs Council meeting on Monday, French Minister for European Affairs stated the EU should examine under what conditions the embargo could be maintained indefinitely.

Podesta
Sperling

Bananas: The EU General Affairs Council was presented with Commission options paper for changing its banana regime on Monday. Council asked Commission to pursue contacts with all relevant parties (domestic, US, Caribbean, et al.) and develop a recommendation. However, a Commission recommendation is not expected soon -- probably not until late this summer. The French Minister stated that France and Spain continue to reject our preferred option (and the one preferred by the WTO panel) -- a single tariff approach that eliminates the quota and licensing aspects of the regime.

6-7-99

l Update: The first four months of 1999 import figures show that steel imports have
rned to pre-surge and pre-financial crisis levels. Despite this, the outcome of the June 22-24
ate vote on the steel quota bill remains uncertain. We are intensifying our efforts through
s by principals to Senate Democrats emphasizing the effectiveness of our tough trade law
orcement strategy, and the cost to both our economy and the Democratic Party of passage of a
ta bill. Secretary Daley, Secretary Rubin and others will go on the offensive next week
eting with national and regional editorial boards, while CEA will continue their discussions
h various think tanks. Meanwhile, Senator Roth is, for the first time, considering supporting
alternative package of steel measures that would include a Section 201 injury standard change.
e hope to work closely with Senators Roth, Moynihan, Baucus, and Levin to put together a
dible alternative. We are also exploring ways to address the key concern of steelworkers
out global overcapacity. The NEC will convene a principals meeting next Wednesday to
sure that we are doing everything necessary in advance of this vote. This week, Domestic
el producers filed 17 antidumping and 12 countervailing duty cases on cold-rolled steel from
countries, including Japan, Russia, Brazil, and China. A case on structural steel is likely to be
ed in July. With these cases, the U.S. steel industry has effectively sought global import relief
rough use of our dumping, rather than import surge laws.

hina WTO: Barshefsky's unofficial talks in Paris with China's WTO negotiator affirmed that
hina will not reengage until it receives a full briefing of the accidental bombing in Belgrade.
'e remain prepared to reengage, but it is unclear when China will be prepared to do so. Some
elieve it could be as early as late June or early July, but we have been given no firm signals.
'e expect tough negotiations when we reengage.

hina Normal Trading Relations: We will consult closely with Congress on both our WTO
alks and how to proceed on a vote to renew normal trading relations. A hearing on the issue of
NTR is scheduled for next Tuesday in the Ways and Means Committee. We would like to
reserve the option of one vote on permanent NTR this summer, but it is unclear whether we will
ave an agreement in time. The business community was pleased that in your NTR renewal
statement, you stated you are prepared to work closely with Congress to secure permanent NTR
for China in the context of a strong commercial WTO agreement.

Lamb 201: You need to decide next week how to respond to an International Trade Commission (ITC) recommendation to provide import relief and adjustment assistance to the lamb meat industry as a result of its finding that imports pose a threat of injury to the domestic industry. Although the domestic sheep industry is small, Congressional and industry interests are intense. Senator Baucus has been deeply engaged. On the other hand, lamb is a flagship industry for Australia and New Zealand. Prime Ministers Howard and Shipley are also deeply engaged (Shipley has asked to speak with you). We can expect a WTO challenge and repercussions during your visit to New Zealand later this year, and more broadly in the run up to the Seattle WTO Ministerial, if a remedy is not carefully crafted. All agencies are agreed that we should grant some relief but that the relief should not extend beyond three years because the WTO requires compensation be paid beyond this time. Your economic advisors will send you a memorandum and recommendations in the next few days.

6-7-99

THE WHITE HOUSE

WASHINGTON

Copied
Reed
Kagan
Podesta

June 4, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Crime/Guns -- House Republican Bill: Congressmen Hyde and McCollum are still working on the juvenile justice bill to be marked up in the House Judiciary Committee this week. McCollum's existing bill, which has bipartisan support and is likely to form the basis of the new bill, is very different from the one passed in the House two years ago. Most significantly, it preserves the "core mandates" intended to protect juveniles in state custody, and conditions juvenile justice funds only on states' adoption of graduated sanctions schemes for juvenile offenders (as the just-passed Senate bill and our proposal do), rather than on the adoption of laws subjecting juveniles to prosecution as adults (as the old House bill did). We are hopeful that these aspects of the McCollum bill will remain unchanged, but conservatives no doubt will try to reinsert some of the old House bill's provisions. The $500 million program that the current McCollum bill sets up is essentially a block grant that states can use for a wide variety of purposes, including graduated sanctions programs, juvenile drug and gun courts, and new prosecutors, probation officers, and juvenile judges. We are working with Congressman Conyers on a strategy to beat back objectionable Republican amendments; we also may try, as we did successfully in the Senate, to establish a set-aside of some of the funds authorized in the legislation for prevention activities.

Hyde and McCollum are now adding gun provisions to this bill, but the exact content and scope of these provisions remain uncertain. It is possible that Hyde and McCollum will add the measures recently passed in the Senate (background checks at gun shows, juvenile Brady, child safety locks, and a juvenile ban on assault weapons) *plus* additional provisions to raise the age for handgun purchases (but not for handgun possession, as in our proposal) from 18 to 21; similarly raise the age for long gun purchases; require background checks for explosives purchases; prohibit the dissemination of bombmaking instructions on the Internet; increase penalties for gun traffickers and individuals who transfer guns to juveniles; and require mandatory sentences for juveniles who use guns to hurt others on school property. Hyde and McCollum may try, however, to water down the measures passed in the Senate -- particularly the gun show provision -- and to keep other provisions to a minimum in order to ensure broad Republican support. They also plan to include a contentious IDEA provision, passed in the Senate over the vigorous objection of Senator Harkin, to allow school officials to discipline disabled children in the same manner as they can discipline other students for bringing guns to schools. We are working with Congressman Gephardt's office to maximize Democratic support for a set of strong gun provisions.

2. Crime -- Gun Free-Schools Report: The Education Department is planning to release within a few weeks the Gun-Free Schools Act report for the 1997-98 school year. The report will show that about 3,000 students were expelled for bringing a gun to school during the year -- only half the number expelled in the previous year. The Department believes that some school districts, particularly in California, are underenforcing the Act, and is putting together a plan to work with states and school districts on enforcement issues.

3. Crime -- Study on Citizen Perceptions of Police: The Department of Justice's Bureau of Justice Statistics released on Thursday the results of a survey on police protection conducted in 12 cities: Chicago, Kansas City, Knoxville, Los Angeles, Madison, New York, San Diego, Savannah, Spokane, Springfield, Tucson, and Washington, DC. The study found widespread support for local police: 85 percent of the residents surveyed said that they were satisfied with the police who served their neighborhoods, and only three percent reported that they were very dissatisfied. Although white residents were more likely than black residents to be satisfied with local police, both reported high levels of satisfaction: 90 percent for white residents, and 76 percent for black residents. In each of the 12 cities, residents who had been victims of violent crime and those who were fearful of crime in their neighborhoods reported less satisfaction with the police. About 30 percent of the residents of each city had some contact with the police within the past 12 months. In addition, a large percentage of respondents were familiar with community policing, with 54 percent reporting that police officers practiced community policing in their neighborhoods and 60 percent indicating that police had worked with neighborhood residents within the last year on crime prevention and safety issues.

4. Education -- D.C. College Access Act: The House recently passed the D.C. College Access Act to provide greater higher education opportunities to D.C. residents, but at a cost greatly in excess of the Administration's similar proposal. Under the House-passed bill, the federal government would pay the difference between in-state and out-of-state tuition for any qualified D.C. undergraduate attending a public college or university in any of the 50 states. The bill also would provide grants of up to $3,000 annually to D.C. residents who choose to attend a private college or university in D.C., Maryland, or Virginia. Initial projections indicate that this bill would cost two or three times as much as the $17 million proposal included in your FY 2000 Budget. The Administration's proposal, now incorporated in legislation introduced by Senator Jeffords, would limit subsidies to D.C. residents with family incomes of less than $50,000 who attend college or university in D.C., Maryland, or Virginia; the subsidy would be the difference between in-state and out-of-state tuition for students attending public colleges and universities and up to $2,000 annually for students attending private institutions. Secretary Riley sent a letter to the Senate noting the Administration's support for the intent of the House-passed bill, but expressing reservations about the design of the subsidy and urging adoption of Senator Jeffords' alternative proposal.

5. Tobacco -- Treasury Ruling on Smoking Cessation: The Treasury Department is ready to issue a tax ruling that the cost of smoking cessation products prescribed by physicians is a medical expense for purposes of income tax treatment. (Current tax law allows taxpayers to deduct medical expenses, including drugs prescribed by physicians, to the extent they exceed 7.5 percent of income). The ruling uses new evidence on the addictiveness and harmfulness of smoking to reverse an opinion issued in 1979 prohibiting taxpayers from deducting the cost of these products.

6. Health Care -- Arkansas' 1915(b) Waiver Proposal: You recently asked about Arkansas' 1915(b) waiver proposal to use a managed care delivery system to provide intensive case management services to children with special mental health needs. As you know, Arkansas believes that this demonstration will ensure that these children receive inpatient, outpatient, and rehabilitation services in a coordinated and cost-effective fashion. HCFA has now concluded that the Arkansas proposal meets the necessary standards for managed care demonstrations (including requirements that enrollees have a choice of providers, access to specialists, and an effective complaint and appeals process) and expects to approve the waiver by the middle of this month.

Good [illegible]

7. Health Care -- Dissemination of Contaminated Polio Vaccine: You recently asked for an evaluation of Walter Kyle's contention that the distribution of contaminated polio vaccine by the FDA between 1955 and 1963 and again in 1977 is responsible for the spread of a variety of viruses that cause cancer and immune depressive diseases, such as HIV. Mr. Kyle is correct that the FDA released several batches of polio vaccine between 1955 and 1963 that were contaminated with a simian virus called SV40. Researchers at the FDA and NIH have concluded, however, that exposure to these vaccines is not associated with a significantly increased rate of cancer or other disease. The FDA also has concluded, after testing numerous lots of polio vaccine from 1977 and surrounding years, that no additional distribution of contaminated vaccine took place in these years. The vast majority of the scientific community stands behind FDA's findings on this issue. Given these findings, medical ethicists at the Centers for Disease Control do not believe there is any need to discuss the chance that polio vaccine is contaminated by simian viruses before obtaining parents' consent to vaccination.

6-7-99

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

WASHINGTON, D.C. 20502

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Podesta

June 4, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE

CC: JOHN PODESTA

SUBJECT: OSTP WEEKLY REPORT

Presidential Science and Math Awards

Outstanding elementary and secondary science and math teachers -- 208 people representing each State, the District of Columbia, and the DOD schools – will be in town next week to receive Presidential awards for teaching excellence. The scheduling request we submitted for June 9 has been regretted, but I urge you to find the time to meet with this group if at all possible. It would be an excellent way to demonstrate that we are attending to the vitally important needs of this nation – the education of our children in the very subjects that can make or break America's future prosperity – despite the demands of Kosovo, as you mentioned in the Cabinet meeting. A meeting with the science and math teachers would be a good venue for announcing the WH Conference on the S&T workforce of the future, if a decision has been made on that proposal by that time.

420,000-Year Record of Carbon Dioxide and Methane from Ice Core

Levels of carbon dioxide (CO_2) and methane (CH_4) are higher in the atmosphere today than they have been over the last 420,000 years according to new data published from an ice core taken at the Vostok station in East Antarctica (Petit *et al., Nature,* 3 June 1999). Previous ice cores had extended only 160,000 years into the past; the Vice President's famous "flip-up" chart is based on that data. Now, the Vostok record spans 4 full glacial cycles.

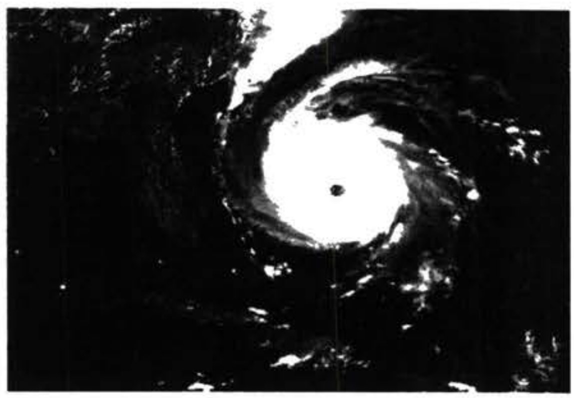
A glacial cycle goes from a longer, cold glacial period to a relatively short interglacial (warm) period and back again. Glacial cycles last about 100,000 years, and are initiated by changes in the Earth's orbital characteristics. The global temperature change from glacial to interglacial is about 9°F. Over 420,000 years, CO_2 fluctuated from 180-300 ppm (parts per million); it is currently at 365 ppm. Methane ranged from about 320-700 ppb (parts per billion); currently it is 1700 ppb. The current warm interglacial period is the longest in the Vostok record suggesting climate has been unusually stable during the 10,000 years civilizations have emerged. Business-as-usual emissions scenarios could take the Earth to about 700 ppm of CO_2 by the end of the next century, with temperature changes of 2-6°F.

Recent Warm Winters Linked To Greenhouse Gases

A study published in *Nature* this week is the first to link the well-documented North America and Eurasia winter warming and the associated wind changes to rising greenhouse gas levels in the atmosphere. Global average surface temperatures have increased in the range of 0.6 to 1.2°F since the late 19th century. But far more severe warming has taken place over wide regions of northern Eurasia, Canada and Alaska, with temperatures increasing in the range of 7 to 10°F in the last 35 years.

This modeling effort is the first to successfully reproduce spiraling wind patterns called the polar vortex. Increasing greenhouse gases made the spiraling westerlies stronger, bringing more warm wet air onto the land. Thus, the authors provide a plausible explanation linking observed warmer and wetter winters in Europe and Western North America to increases in greenhouse gases. This research suggests that if warming trends continue, regions of Europe and Asia, and, to a lesser extent, North America, can expect continued winters that are both warmer and wetter, with increased rain and snow.

Forecast: New Era of Active Storms



Researchers anticipate an active 1999 hurricane season. The National Oceanic and Atmospheric Administration (NOAA) predicts at least three intense hurricanes this season, citing La Niña – cooler than normal sea-surface temperatures in the central and eastern tropical Pacific – as one key influence on this year's outlook. One research team suggests that changing patterns in ocean circulation will mean more activity in the next few years – and more hurricanes that travel farther up the East Coast. According to NOAA, forecasters' ability to predict the track of such storms has improved by as much as 31 percent due to your modernization program. Further improvements in weather forecasting are a principle driver of NOAA's participation in your Information Technology Initiative.

Bridging the Gender Gap in Cloning – a Snippet of a Tail

Nature Genetics reported this week on the successful cloning of a healthy male mouse (named Fibro) using skin cells clipped from the tail of the donor mouse. Previously all of the animals cloned from adult cells were female, reflecting in part the biotech industry's interest in creating animals that produce biopharmaceuticals in their milk. Preceding Fibro's birth, over 700 nuclei were transferred to eggs, leading to 274 embryos, and three live mice but only one survivor. The very low success rate reaffirms the dangers of cloning and the wisdom of the current ban on applications to humans.

THE WHITE HOUSE

WASHINGTON

6-7-99

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Podesta

June 4, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra Mickey

SUBJECT: Office of Intergovernmental Affairs Weekly Report – June 1 to 4, 1999

BUDGET

- We continue to engage elected officials across the country on the potential cuts to key programs by the GOP budget proposal. The US Conference of Mayors, The National Association of Counties, and the National League of Cities, using information from the White House, all ran front page stories in their weekly newsletters on the potential cuts.

SCHOOL VIOLENCE

- IGA identified and included State Rep. Mary Lou Dickerson (D-WA) and a representative from the Washington Retail Association in Tuesday's event on the marketing of violence to youth. They both played a key role in validating your announcement with the press.

BROWNFIELDS LEGISLATION

- IGA and CEQ continue to work with the U.S. Conference of Mayors leadership on the Administration's preference for the Gephardt-Townes-Borski Brownfields Bill. We will meet with USCM President Mayor Corradini (D-Salt lake City, UT) and Mayor Archer (D-Detroit, MI) to seek the support of the USCM next week.

FOOD STAMPS ON MILITARY BASES

- After your meeting with the families of military personnel in Norfolk, Virginia, you requested that IGA and NSC explore the possibility of allowing qualifying families to register for food stamps on the military base. The Departments of Defense and Agriculture are drafting a Memorandum of Agreement (MOA) to meet your request. The Pentagon is hopeful that a successful pilot project in Norfolk will serve as a national model for other military bases across the country. The Commonwealth of Virginia is cooperating as well.

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JUNE CONFERENCES

- The US Conference of Mayors is expecting over 500 mayors at their annual conference next week, June 11-15, 1999 in New Orleans, LA. We are still discussing your involvement in the conference, however Vice President Gore will be the luncheon speaker on Monday, June 14,1999. Other Administration participants include: Secretary Cuomo, Director Witt, General McCaffrey, and John Koskinen. We are coordinating the message strategy with each of the principals in order to build support among the mayors for: school safety, guns, new markets, ESEA reauthorization, livability, Census, and Brownfields legislation. Additionally, we will expose the devastating impact on cities of the GOP budget proposal.

- The National Association of Latino Elected Officials is meeting June 17 through 19 in Philadelphia. Vice President Gore will deliver the keynote address June 19th. In addition, Census Director Prewitt, Secretary Richardson, and I will address the conference.

INSULAR AFFAIRS

- Governor Rossello Declines To Run: Puerto Rico Governor Pedro Rossello (D) announced he will not seek a third term next year, consistent with his original two-term intent.

- Vieques Military Target Practice: We worked with DCOS Echaveste and NSC to obtain the agreement of Navy Secretary Danzig and Defense Secretary Cohen to establish a special panel under DoD to consider Puerto Rican concerns about military live ordnance target practice on the island of Vieques. Plans are being finalized for you to initiate the review early next week with letters to Secretary Cohen ,Governor Rossello, and Congressman Carlos Romero-Barcelo (D-PR). A briefing memo on this subject will be provided to you next week.

WEEK AHEAD

- On Friday, June 11, the Vice President will speak to the Annual Meeting of the National Conference of Lieutenant Governors in Providence, RI.

THE WHITE HOUSE

WASHINGTON

June 4, 1999

6-7-99

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MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Summary of Cabinet Weekly Reports
May 29 - June 4, 1999

DEPARTMENT OF TREASURY

- **G-7 Finance Ministerial Meeting:** On June 11-12, Secretary Rubin will meet with his G-7 counterparts in Frankfurt, Germany. Discussions will focus reform of the international financial architecture, debt relief for heavily indebted poor countries (HIPC), and economic assistance to countries proximate to the conflict in Kosovo.

- **Hungary:** On June 8, you will meet with Hungarian President Goncz at the White House. President Goncz is expected to raise the economic situation in Southeast Europe and share his thoughts on how to deal with the economic and political fallout from the Kosovo crisis. The anticipated adverse impact on Hungary of the Kosovo conflict is light relative to other countries in the region, but Hungary will still be hard pressed to meet its budget deficit target of 4 percent of GDP.

- **Macedonia:** On June 3, Deputy Secretary Summers and NEC Chairman Sperling met with Macedonian Prime Minister Georgievski. The Prime Minister related the difficulties his country is facing due to the Kosovo crisis and asked for U.S. economic support. Deputy Secretary Summers stressed that the U.S. has supported Macedonia economically by promoting Paris Club debt rescheduling, advocating quick disbursement of IMF support, and encouraging the World Bank and European Bank for Reconstruction and Development to strengthen their efforts. Deputy Secretary Summers also expressed concern that the Macedonian Government not backtrack on economic reforms, as solid economic policy is crucial to maximizing the benefits of economic assistance.

- **Electronic Transfer Account:** On June 10, Secretary Rubin will unveil the Electronic Transfer Account (ETA), a new, low-cost banking account for millions of federal check recipients who lack bank accounts. Several major banks and small institutions will offer the ETA, making it available nationwide.

- **Business Roundtable (BRT):** On June 2, Secretary Rubin met with the Planning Committee of the BRT. The discussion centered on international trade issues, China's WTO accession, and BusinessLINC (a business mentoring program developed jointly by Treasury and SBA).

- **Financial Modernization:** On June 10, Secretary Rubin and White House Chief of Staff John Podesta will meet with financial service company CEOs to discuss financial modernization. The purpose of the meeting is to emphasize the importance to the White House of such issues as the Community Reinvestment Act and the operating subsidiary. This is particularly timely as the legislation is scheduled to be reported out of the House Commerce Committee and taken up by the Rules Committee around June 10.

- **New Markets Initiative:** During the week of June 2, legislation on the New Markets Tax Credit, New Market Venture Capital Firms, and America's Private Investment Corporations (APIC) was completed. Treasury is working with Members of Congress to secure sponsors and address concerns in advance of introduction. Treasury continues to work with the NEC to identify sites and announcements for your July New Markets Trip.

DEPARTMENT OF JUSTICE

- **Juvenile Justice/Guns:** DOJ is coordinating with the House Minority and Majority to draft the base text of the juvenile justice/guns bill that the House Judiciary Committee will begin marking up next week.

- **Crime Bill:** The Administration bill is nearing completion and may be transmitted the bill as early as next week. Congressman Conyers and Senator Leahy are tentatively scheduled to introduce the bill.

- **Indian Trust Fund Case:** On June 10, the first of two anticipated trials is set to begin in a class action lawsuit challenging U.S. efforts to reform Indian trust fund management and seeking an accounting of historic account balances. On February 22, District Court found the Treasury Secretary and the Secretary and Assistant Secretary of Interior in contempt for failing to comply with broad discovery orders entered in the case. The first trial, on claims for prospective relief, is expected to last several weeks.

- **Drug Courts Grants and Publication:** On June 3, at the Annual Conference of the National Association of Drug Court Professionals in Miami, FL, the Attorney General announced over $34 million in new grants for drug courts and released a series of new publications to assist communities implementing drug courts.

mountain for the past several million years. The long-term hydrologic stability of the mountain is an important factor in evaluating its suitability as a high-level nuclear waste storage facility.

- **Gettysburg Park:** In late June, NPS will release the General Management Plan for Gettysburg National Military Park. The Plan takes into account the growing number of visitors to the Park and the effect they are having on the fragile historic resources of this famous battlefield. Under the proposal, the present Cyclorama and Visitor Center buildings would be removed and NPS would restore this critical portion of the Union battle line to its appearance on July 2-3, 1863.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **U.S.-Mexico Binational Committee:** On June 4, USDA officials, led by Deputy Secretary Rominger, were in Mexico City for the U.S.-Mexico Binational Commission meeting. USDA will conduct bilateral discussions on a range of agricultural issues, including several joint agreements for mutual cooperation, on fire prevention and management – an outgrowth of last year's highly publicized Mexican forest fires and U.S. efforts to help contain them.

- **Organic Foods Rule:** USDA's Agricultural Marketing Service (AMS) has been selected from over 1600 applicants as one of 25 finalists for Harvard University's John F. Kennedy School of Government and Ford Foundation Innovations in American Government Award, for its rulemaking for organic foods standards. This first-ever fully electronic, large-scale federal rulemaking effort previously won the 1998 Government Technology Leadership Award. AMS was also selected for inclusion in the Smithsonian Institution's permanent research collection and received a 1998 USDA Honor Award.

- **Commodity Markets:** Harvest pressure and slow exports led wheat cash and futures prices down last week. Corn prices dropped on favorable growing conditions. Soybean prices fell on good planting progress. Cotton prices moved lower in light trading on good weather and lackluster demand. Higher cutout values helped support cattle prices. Hog prices dropped due to reduced holiday slaughter schedules and falling carcass values. Cheese prices were up despite seasonally heavy production. Strong summer demand for ice cream and milk fat drove butter prices up.

- **Weak Crop Prices Fueling USDA Loan Activity:** As of May 24, USDA has made 216,146 loans worth $7.8 billion to farmers pledging the 1999 crops as collateral and 2.1 million loan deficiency payments – payments farmers may receive in lieu of placing the crop under loan and which they generally elect when market prices dip below the statutorily-set loan rate – worth $2.6 billion.

DEPARTMENT OF COMMERCE

- **U.S.-Mexico Binational Commission:** Following his participation in the U.S.-Mexico Border Infrastructure Conference, Secretary Daley joined other U.S. Cabinet officials in Mexico City as part of the annual Binational Commission meeting on June 3-4.

- **FY2000 Defense Authorization Bill:** The Senate bill would give DoD superior status over any commercial organization or other governmental entity in any band of spectrum in which a DoD communications system operates. It would also require that 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. This provision undermines your authority to set spectrum management priorities for the Federal government, impairs the FCC's ability to manage the spectrum for the private sector and state and local governments, and infringes on the international spectrum management process. DOC has worked with OMB to prepare strong language opposing the provision in the Statement of Administration Position on the provision. There are no similar provisions in the House version.

- **Safeguards Trip:** From June 1-15, two special agents from DOC's Office of Export Enforcement will be in Israel to conduct post-shipment verifications on previously exported high performance computers and other commodities.

- **NATO Security-of-Supply Issue:** During the week of May 31, two NATO committees that deal with industrial base issues will consider U.S. proposed guidelines for implementation by alliance nations of priorities and allocations of security-of-supply procedures. These procedures would help to ensure priority consideration by industrial base suppliers for critical defense and civil emergency items.

- **Korean Cabinet Reshuffle:** On May 24, Korean President Kim Dae-Jung replaced 11 out of 17 cabinet ministers and filled two newly-created ministerial positions. The new members were purportedly chosen for their technocratic expertise and ability to implement reforms. State Minister for Trade Duck-Soo Han, primary interlocutor on trade policy issues, will assume the title of Minister for Trade and continue to serve as chief trade negotiator.

- **U.S.-Vietnam Economic Normalization:** Ambassador Peterson is scheduled to return to the U.S. in early June on a multi-purpose visit focusing on economic normalization issues. You are expected to renew the annual Jackson-Vanik waiver for Vietnam, which should generate resolutions of disapproval in Congress this month. The Ambassador is scheduled to testify at a House hearing on June 17 in support of your decision. He has requested a meeting with Secretary Daley and Congressional leaders. The next round of bilateral trade agreement talks is scheduled for the week of June 7 in Washington.

- **Y2K Help:** In the three months since it opened, the Y2K Help Center for Small Business -- managed by the National Institute of Standards and Technology's Manufacturing Extension Partnership (MEP) -- has fielded more than 1,400 calls from small businesses and others interested in addressing the Y2K problem.

- **Native American Technology:** In mid-June, the Economic Development Administration is scheduled to issue a report assessing the technology infrastructure needs of Native American and Alaskan communities. The report will be part of your initiative to improve the economic situation of the Native American population.

- **Minority Business Coordinating Council:** DOC's Minority Business Development Agency will hold its third Minority Business Coordinating Council meeting on June 29. The council, which focuses on issues facing Minority Business Enterprises, comprises over 40 U.S. minority business organization Presidents and representatives.

DEPARTMENT OF LABOR

- **New Markets:** On June 1, Secretary Herman traveled to her home state of AL. In addition to dedicating a new Job Corps Center in Montgomery and hosting a child care roundtable, she made a historic address to a joint session of the Alabama legislature --- the first ever by an African-American woman. Her message at all of these events was a strong pitch for your New Markets initiative with a focus on investing in out-of-school youth living in distressed areas.

- **One America:** This week, DOL announced the availability of $250 million dollars to be distributed through a Youth Opportunity grant competition. The grants will support projects that will substantially increase the employment rate of out-of-school youth living in selected high-poverty neighborhoods. This quarter-billion dollar investment was authorized by Congress last year as part of the Workforce Investment Act. These grants emphasize placing youth in private-sector jobs, and include complementary efforts to keep youth in school, increase their enrollment in college, and provide work experience in community-service projects. This competition will award grants of up to $12 million each to new recipients.

- **Secretary's Schedule:** On June 8, Secretary Herman plans to participate in an event to kick-off DOL's "Safe Work/Save Kids" and "Fair Harvest/Safe Harvest" campaigns. In addition, the Secretary will attend a Women in Foreign Press lunch in advance of her trip to the ILO Conference.

- **International Labor Organization Conference:** From June 14-17, Secretary Herman will attend the annual International Labor Organization (ILO) Conference in Geneva, Switzerland. Ministers of Labor from most of the ILO's 174 member countries will attend the Conference. The Secretary's schedule calls for her to discuss the new ILO Convention on the Worst Forms of Child Labor and address the Child Labor Committee. Highlights of the conference are: 1) the expected adoption of a new Convention on the Worst Forms of Child Labor; 2) the new Director-General's vision for the ILO in the next four years; and 3) your address to the ILO -- the first time in history of the ILO that a President of the United States has attended and addressed an ILO Conference.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Children's Health Insurance Program (CHIP):** On June 9-10, Health Resources and Services Administration's (HRSA) Maternal and Child Health Bureau (MCHB) and the Health Care Financing Administration (HCFA) will co-chair the third technical advisory panel on the Children's Health Insurance Program (CHIP) outreach responding to recommendations made by the States at five TAPs held last year. In addition to MCHB. and CHIP/Medicaid directors, representatives from States with immigrants, and State offices for immigration enforcement, Immigration Naturalization Service, and advocacy and volunteer organizations will participate.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Honduras Disaster Relief:** Secretary Cuomo and Special Envoy for the Americas Buddy MacKay announced an additional $291 million in disaster aid to Honduras to speed recovery from Hurricane Mitch. Honduran President Carlos Roberto Flores joined the Secretary and the Special Envoy at a news conference in Tegucigalpa held to announce the additional U.S. assistance from HUD and USAID.

- **Dominican Republic Disaster Relief:** Secretary Cuomo announced $29 million in additional disaster relief for the Dominican Republic to aid rebuilding efforts in the wake of Hurricane Georges.

- **U.S.-Mexico Housing and Urban Development Issues:** Secretary Cuomo and Mexican Social Development Secretary Esteban Moctezuma Barragán signed a MOU on housing and urban development issues, and focusing on four areas of U.S.-Mexico cooperation: urban planning and development in the border region, metropolitan planning and administration, housing financing systems, and housing market statistics.

- **Chicago Housing Authority:** Secretary Cuomo announced that HUD and the City of Chicago signed an agreement that returned the Chicago Housing Authority (CHA) to local control. Under the agreement, Mayor Daley will nominate a ten-member Housing Authority Board of Commissioners by July, including three public housing residents selected by resident groups. Board members will need the approval of the City Council to take office. Under the agreement, Chicago, HUD, and CHA will also begin a planning process that will result in a Performance Compact by the end of the year. The Compact will establish an action plan and identify the regulatory and legislative flexibility and resources that will transform public housing in Chicago.

- **"Officer Next Door":** During the past week, HUD closed 11 deals on HUD-held properties to police officers under the "Officer Next Door" program. These additions bring the total number to 2,596. The program is an anti-crime and community revitalization initiative that enables police officers to purchase HUD homes at a 50 percent discount. You launched the program in June 1997.

<u>**DEPARTMENT OF TRANSPORTATION**</u>

- **American Flight 1420, Little Rock, AR:** On June 1, at 11:50 PM (CDT), a Boeing MD-80 operated by American Airlines ran off the end of Runway 4R at Adams Field in Little Rock. The area was experiencing thunderstorms and severe weather at the time. A combined National Transportation Safety Board (NTSB)/FAA team has been on the scene since the morning of the accident. There are nine fatalities.

- **I-95 Tractor Trailer Incident:** On June 2, at approximately 4:00 a.m. (EDT) a tractor trailer carrying 40,000 lbs. of commercially-owned black powder overturned on the I-95 northbound ramp to the I-495 beltway in Springfield, VA. Black powder, used for handgun ammunition, is classed as an explosive and is required to be approved by DOT. The Federal Highway and Research and Special Programs Administrations are continuing to work with the Virginia State Police to check the driver's log book; hours of service and to verify that the packaging of the product was correct.

- **TEA-21 First Anniversary:** Events are being vetted within DOT for Secretary Slater to celebrate the first anniversary of your signing of TEA-21 on June 9. The Secretary will amplify this message at an American Bar Association panel with former Secretaries of Transportation in Chicago on June 10.

- **Truck-Related Deaths:** On May 25, Secretary Slater announced a department-wide action plan that will combine stronger enforcement, tougher penalties, new regulations, advanced technology, education, and research to reduce the number of highway deaths. The Secretary also announced that the Administration has amended its FY2000 budget, asking Congress to provide an additional $55.8 million for this effort.

- **Drug Seizure:** On May 25, a U.S. Coast Guard aircraft located a 30-foot fast boat 50 miles southeast of St. Croix that jettisoned multiple bales of cocaine and beached itself. Cutter WRANGELL recovered 2,280 pounds of cocaine. The suspects were pursued by the Island's small police force.

- **FY99 Grants for Borders and Corridors Program:** On May 27, Secretary Slater announced that nearly $124 million in grants would be provided to 32 states for 55 projects under the National Corridor Planning and Development and the Coordinated Border Infrastructure programs. Many grants awarded under these programs fit well with your New Markets Initiative.

- **MA Central Artery Project:** The Massachusetts Highway Department is using federal funds to overpay worker compensation and general liability premiums. Between 1992 and 1997, the Highway Department paid premiums totaling $368.7 million. Insurance company audits show those premiums represent an overpayment of $166.7 million, the federal share of which is $150 million. The overpayments are invested in trust accounts owned by the Highway Department. Federal policies restrict the recipients of Federal highway grants to using the money for project related purposes, not for long-term investments.

- **FAA Reauthorization:** House floor action on FAA Reauthorization is expected the week of June 14, following a May 27 markup. On May 27, the House Transportation and Infrastructure Committee approved a scaled down version of the bill. Funding levels were reduced to comply with an agreement with House leadership that will allow a vote on the measure in mid-June. Secretary Slater sent a letter to Chairman Shuster expressing strong opposition to budgetary provisions in the bill. The Committee leadership has acknowledged that further negotiation with DOT will be necessary.

- **FY2000 Appropriations:** On May 25, the Senate Transportation Appropriations Subcommittee marked-up its FY2000 bill. The legislation included $12.1 billion in discretionary funding for transportation programs. Overall, the bill is more than $1 billion below your request and includes funding levels for both FAA and Coast Guard operations well below your request. The Subcommittee did not support the Administration's request to use Revenue Aligned Budget Authority beyond what was allowed in TEA-21. The Subcommittee also included a cut of $300 million from the Administration's request for the FAA's capital program. Another major concern is a provision to limit the amount of transit funding to any State to no more than 12.5 percent of the total funding. This particularly impacts NY and CA. The Subcommittee provided the Administration's full request of $571 million for Amtrak and included provisions on the airline passengers bill of rights.

DEPARTMENT OF ENERGY

- **National Ignition Facility (NIF) Ceremony:** On June 11, in Livermore, CA, Secretary Richardson will host an event highlighting the progress in NIF construction. This $1.2 billion facility, which will be the world's largest laser and is due for completion in

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FY2003, will be a cornerstone of the Nation's Stockpile Stewardship program, to maintain the nuclear stockpile without underground nuclear testing. NIF will also be important for fusion energy research and basic science (especially astrophysics). The backdrop for this event will be the recently completed laser target chamber – a 30-foot diameter steel sphere that will house and contain the world's first demonstration of thermonuclear ignition in the laboratory. Representatives of the French and British governments will be present for the event. The laser technology collaborations with France and the UK are particularly successful examples of foreign scientific cooperation.

- **Ghanaian Officials to Attend Oil and Gas Conference:** Ghanian officials will attend training sessions in Dallas during the week of June 21 and DOE's Oil and Gas Conference in Dallas from June 28-30. The events in Dallas provide opportunity to see firsthand the potential for cooperative activities with DOE and with U.S. companies to provide Africa's energy needs.

- **Gasoline Prices Down, Stocks Down:** Petroleum spot prices reacted to short-covering in the crude oil futures market and talk of a possible short-duration interruption before the start of the sixth phase of Iraq's "oil-for-food" program around June 10. An overall build in stocks reported for the week ending May 14 led to a decline in most spot prices in the week-to-week comparison. Low refining margins prompted speculation of future cuts in crude oil runs. The New York Harbor spot price for conventional regular gasoline was 46.13 cents per gallon May 24, off 1.62 cents. (The spot price for West Texas Intermediate crude oil at Cushing OK went from $17.76 per barrel to $16.77 per barrel over this period.) The average retail price for regular gasoline turned downward this week on the basis of sufficient supplies as the summer driving season officially gets underway Memorial Day weekend. As of May 24 the average retail price for regular gasoline was 112.6 cents per gallon, 5.6 cents higher than a year ago. A seasonal draw of 0.4 million barrels put gasoline stocks at 221.6 million barrels, 3.0 million barrels over last year.

DEPARTMENT OF EDUCATION

- **Direct Student Loan Fees:** DOEd and OMB have met to discuss a proposal to reduce origination fees in the Direct Student Loan Program from 4 percent to 3 percent. The proposal would lower students' costs and make the program more competitive with the Federal Family Education Loan Program (FFEL). Some FFEL lenders have reduced their origination costs to encourage more students to choose their program.

- **ME School Voucher Case:** On May 27, a federal appeals court ruled that ME's school voucher program would violate the constitutional separation of church and state if religious schools receive state funding. The U.S. Supreme Court refused to review an earlier voucher decision from a state supreme court, but may be more inclined to take up a voucher case on appeal from a federal circuit court.

- **College Admissions Guidelines:** DOEd's Office for Civil Rights (OCR) is preparing guidelines that would encourage colleges to establish admissions policies that limit the use of standardized test scores. College officials have expressed concern that the new guidelines will make it more difficult for them to establish fair admissions policies that will not result in lawsuits. On May 27, OCR had a productive meeting with higher education representatives and test publishers in which it was agreed that future comments to the press would reflect the ongoing collaborative effort to meet a shared goal.

- **Civil Rights Complaint against New York City Schools:** On May 27, Manhattan Borough President C. Virginia Fields announced her intention to file a complaint with DOEd's Office for Civil Rights charging that the state has not adequately financed the school system. Mayor Giuliani opposed the decision to file a complaint, although he agreed that the city's minority children are at a disadvantage and reiterated his support for a voucher program. A spokesman for Governor Pataki refuted the claim of inadequate state financing, blaming the city's school system.

- **Title I Funds Report:** On June 4, DOEd released *Targeting Schools: Study of Title I Allocations Within School Districts*, which examines the targeting of Title I funds at the school level; the impact of waivers on targeting; the amount of funds retained at the district level; and Title I funding for secondary schools, schoolwide programs, and private school students. The report finds that the percentage of high-poverty schools receiving Title I funds increased significantly after reauthorization, with high-poverty secondary schools receiving the largest increases.

DEPARTMENT OF VETERANS AFFAIRS

- **Pharmaceutical Errors:** VA will begin a nationwide project that will focus specifically on reducing errors at the time pharmaceuticals are dispensed to VA inpatients. About $40 million over the next 24 months will be devoted to the project, which uses wireless technology and upgrades wireless networks.

- **Sleep Apnea and Health Risks:** People with sleep apnea have a greater risk for stroke, according to findings by a VA-led research team that appeared in the May issue of the *Journal of Oral and Maxillofacial Surgery.* The team found that sleep apnea, in which a narrow or partially obstructed airway repeatedly collapses during sleep, increased the risk of stroke from neck artery blockages in 22 percent of patients with obstructive sleep apnea.

- **AR Plane Crash Assistance:** VA staff from the Vet Center in Little Rock, AR, participated with other mental health volunteers and the American Red Cross in debriefing crash victims at a local hospital. One of the victims assisted by a VA employee was a Vietnam veteran. In addition, personnel at the VA Regional Office in Little Rock have volunteered to provide assistance to the survivors and families of crash victims who might be eligible for or receiving VA benefits. VA has requested a listing of the casualties, and will offer expedited claims processing service as appropriate.

- **"Stand Down 2000":** VA's homeless veterans initiative, Millennium Stand Down 2000, strives to offer homeless veterans entry into a continuum of VA services. While VA has been a partner with veterans service organizations, community-based non-profit service providers, and State and local governments at community-based veterans assistance fairs for more than a decade, VA will intensify its efforts during the Millennium. Between November 1999 and December 2000, VA will support efforts to hold events in every State and hopes as many as 100,000 veterans and their family members will assisted. VA expects that 40-50,000 volunteers, including a large number of VA employees, will assist these efforts.

- **Disabled American Veterans Rally:** More than 200 rallies around the country sponsored by the Disabled Americans Veterans drew media attention over the Memorial Day weekend. The rallies protested VA's budget. In addition, news coverage leading to Memorial Day raised the question of whether VA national cemeteries have enough burial space to meet anticipated demand, including stories on *CBS, ABC, NBC*, and *CNN*. Acting Under Secretary for Memorial Affairs Rapp, who was interviewed, stressed that VA is not running out of burial space as some have warned, and that while there are some areas of the country where additional cemetery space for veterans is needed, veteran's burial needs are being met.

ENVIRONMENTAL PROTECTION AGENCY

- **Fuel Additives:** On June 24-25, the MTBE Blue-Ribbon Panel will hold its final meeting to address the issues posed by the continued use of MTBE and other oxygen-containing additives (oxygenates) to fuel. The use of oxygenates -- of which MTBE is the most widely available -- is required by the Clean Air Act, and significantly reduces automotive air pollution.

UNITED NATIONS

- **"Human Rights in China":** U.S.-based NGO "Human Rights in China" is applying for UN ECOSOC accreditation this week. The organization includes the leading Chinese exiles and human rights defenders and is the key source of information, both in China and abroad, about dissidents, political prisoners, and the aftermath of Tiananmen. While the group meets all of the technical criteria for accreditation, the UN's NGO Committee is extremely political and the Chinese are pushing to ensure the group is turned down. HRIC is expected to make a strong showing when it appears before the Committee but will ultimately not win accreditation. USUN will ensure that the group has every opportunity to make its case.

SMALL BUSINESS ADMINISTRATION

- **Procurement Conference:** On June 8-10, SBA will host the 32nd Annual Joint Industry/SBA Procurement Conference in Washington, DC. The conference will give hundreds of small and large nationwide business participants a chance to meet and negotiate deals with key buyers in the $200 billion-per-year federal marketplace, including Boeing, American Express, Lockheed-Martin, Raytheon Systems, Unisys, PEPCO, Northrup-Grumman, and GSA.

- **Kosovo:** SBA has begun discussions with interagency groups and humanitarian non-governmental organizations specializing in refugee resettlement regarding possible publications, products and services to be made available to Albanians entering the U.S. at Fort Dix, NJ.

OFFICE OF PERSONNEL MANAGEMENT

- **Child Care:** Rep. Morella's bill to authorize the use of appropriated funds to assist lower-income workers was approved by the Government Reform Committee on May 19. Chairman Scarborough is opposed to moving the bill to the House floor without a definition of low-income, despite the fact that the full House approved the bill twice in the 105th Congress without a definition. The text of Morella's bill is also included in the FY2000 Treasury and General Government Appropriations bill, which has been approved by the Subcommittee and is awaiting full Committee mark-up. There is a larger child care bill also being discussed in Congress which contains a variety of standards for child care centers.

- **DOE Background Checks:** On May 27, the Defense Authorization Bill for FY2000 passed the Senate with a provision that would require that background investigations on DOE personnel be conducted by the FBI. The bulk of these investigations are now conducted by United States Investigations Service (USIS) under OPM contract. These investigations comprise a very significant portion of the work done under the OPM contract with USIS and the loss of the work would have severe impacts on the company as well as OPM. The FBI also uses contractors to complete these types of investigations and does not have either in-house or contractor capacity to take on this additional workload. No evidence has been presented to indicate that there are any problems with the quality of investigations done under the OPM contract.

General Services Administration

- **Columbine:** GSA's Denver Property Management Center is providing 22,000 square feet of vacant space for the sorting and storing the thousands of memorial items left at Clement Park following the Columbine High School tragedy in CO. Region 8, in cooperation with the Foothills Park and Recreation District and the CO Historical Society, has provided temporary space to store and protect the memorial items before the collection is permanently housed.

- **Computers to Schools:** Recently, Region 7 donated computers to schools in AR, OK, and TX. Many schools are in rural areas and are considered low income areas. Some of the recipients drove over 400 miles to pick up their computers.

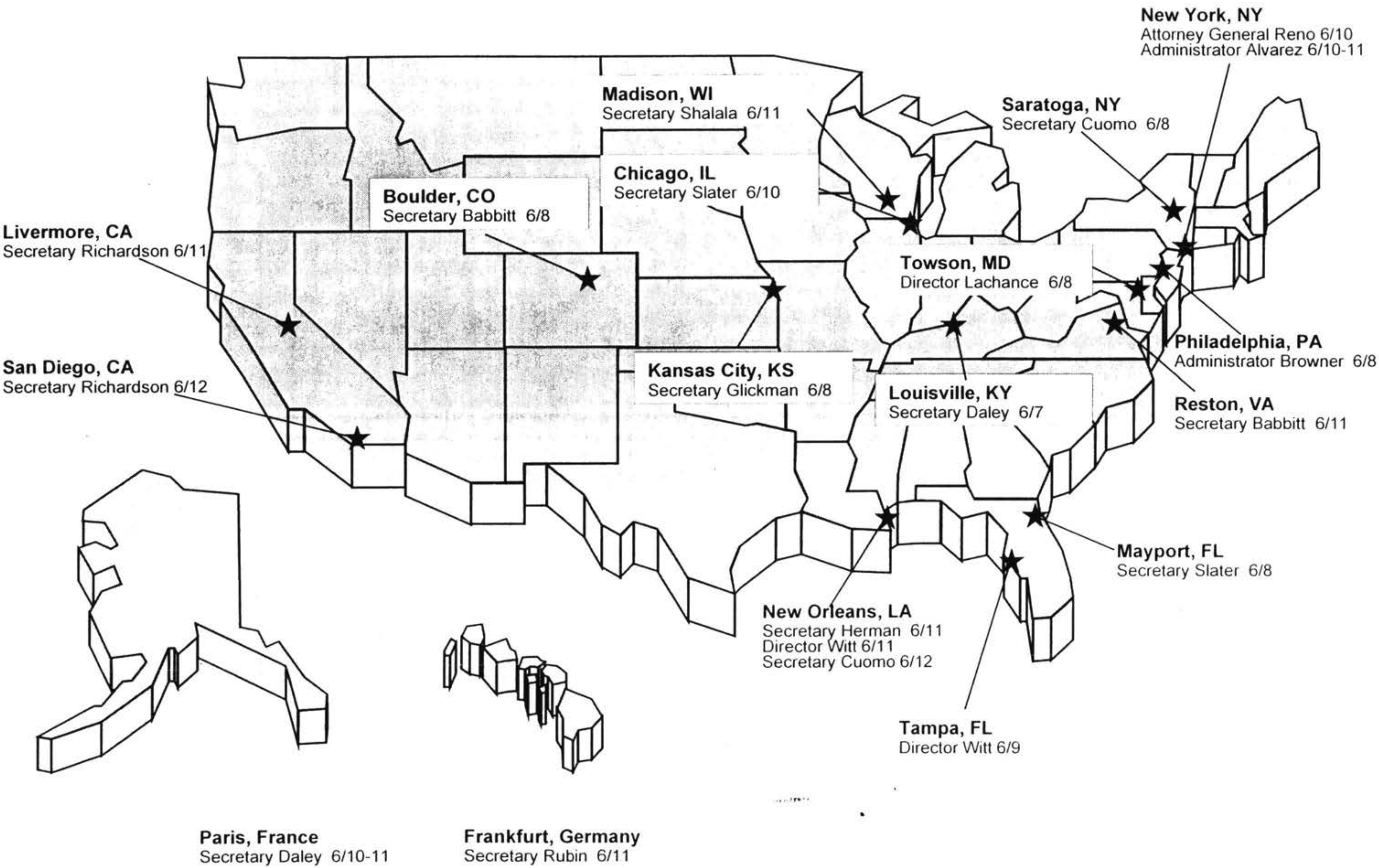
- **One America:** GSA has held numerous One America Discussions on Race with its employees. GSA has developed its own discussion guide and has held discussions that have included the Administrator, Deputy Administrator, and all of the GSA leadership in DC and all regional offices and representatives from the employee unions. This summer, GSA will hold discussions with employees in NY, CA, and other regional offices. Reaction to the discussions has been very favorable and positive.

Social Security Administration

- **Committee on Health Care and Income Supports:** On June 9, Commissioner Apfel and Nancy-Ann Min DeParle, Administrator of the Health Care Financing Administration, will co-host the first meeting of the Presidential Task Force on Employment of Adults with Disabilities' Committee on Health Care and Income Supports. The Committee on Health Care and Income Supports was established to provide leadership across the Federal government in addressing issues related to access to appropriate and affordable health care and strategies for reducing and avoiding reliance on income supports.

Domestic Cabinet Travel

Saturday, June 5 - Friday, June 11, 1999



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

6-7-99

BC Congrats - wife of my dentist —

PRESIDENT AND MRS CLINTON
1600 PENNSYLVANIA AVENUE
WASHINGTON, DC 20510

6-7-99

Send to Burkhardt for reply?

Yes ✓

No

Should we also send to Scheduling?

Yes

No ✓

C.

6-7-99

Commander
National Naval Medical Center
requests the pleasure of your company
at the Retirement Ceremony for
Commander Kathryn C. Maxwell
Dental Corps, United States Navy
on Friday, the second day of July
Nineteen hundred and Ninety-nine
at ten o'clock in the Memorial Auditorium, Building Two,
National Naval Medical Center
Bethesda, Maryland

Military Guests: Uniform of the Day
Civilian Guests: Appropriate Attire

DEPARTMENT OF THE NAVY
COMMANDER
NATIONAL NAVAL MEDICAL CENTER
8901 WISCONSIN AVE
BETHESDA MD 20889-5600

OFFICIAL BUSINESS

Commander
ATTN: Mrs. Brown (Code 0321)
National Naval Medical Center
8901 Wisconsin Ave
Bethesda, MD 20889-5600

Name ______________________________

______ Accepts with pleasure, number attending ______

______ Regrets that I (we) cannot accept

The invitation of the Commander
National Naval Medical Center
for the Retirement Ceremony of
Commander Kathryn C. Maxwell
Dental Corps, United States Navy
on Friday, the second day of July
Nineteen hundred and Ninety-nine

6-7-99

Sorry for this CD —

GEORGE M. RYAN, JR., M.D., MPH

134 SOUTH LAKELAND POINT
HOT SPRINGS, ARKANSAS 71913
501/525-3857
FAX 501/525-6433

6-7-99

After you have seen,
we will send to
Burkhardt —

Gor

ID# 306613

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: JUNE 04, 1999

'99 JUN 7 PM5:40

NAME OF CORRESPONDENT: THE HONORABLE GERALD R. FORD

SUBJECT: URGES THAT A PRESIDENTIAL PROCLAMATON BE ISSUED DECLARING 2000-2010 "THE BONE AND JOINT DECADE"

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION: ACT CODE	ACTION: DATE YY/MM/DD	DISPOSITION: TYPE RESP	DISPOSITION: C D	DISPOSITION: COMPLETED YY/MM/DD
NANCY HERNREICH	ORG	99/06/04			/ /
REFERRAL NOTE:					6/7/99
REFERRAL NOTE:					
REFERRAL NOTE:					
REFERRAL NOTE:					
REFERRAL NOTE:					

Sean -
Should we send to Burkhardt for reply? Yes ✓
No

COMMENTS:

ADDITIONAL CORRESPONDENTS: MEDIA:L

C

MI MAIL USER CODES: (A) (B) (C)

*ACTION CODES:	*DISPOSITION	*OUTGOING CORRESPONDENCE:
*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS OF SIGNER
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	CODE = A
*D-DRAFT RESPONSE	*C-COMPLETED	*COMPLETED = DATE OF OUTGOING
*F-FURNISH FACT SHEET	*S-SUSPENDED	
*I-INFO COPY/NO ACT NEC		
*R-DIRECT REPLY W/COPY		
*S-FOR-SIGNATURE		
*X-INTERIM REPLY		

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE (ROOM 75,OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.

S

GERALD R. FORD

May 27, 1999

Bill

Dear ~~Mr. President~~:

I write to strongly urge that a Presidential proclamation be issued declaring 2000-2010 "The Bone and Joint Decade."

The American Academy of Orthopaedic Surgeons and numerous other responsible organizations involved in this area have totally supported this Presidential proposal. Many members of the Congress likewise support a Presidential proclamation declaring 2000-2010 "The Bone and Joint Decade."

Because I have had two total knee joint replacements and rotator cuff shoulder surgery, I have a strong personal conviction that the Presidential Proclamation be issued.

I most urgently urge that you sign such a proclamation.

My very best regards,

Jerry

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

JUN 1 1999

RANCHO MIRAGE
CALIFORNIA 92270

Gerald R. Ford

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

JUN 1

20500-0003

Child Art

2 0
0 0
millennium
program

6-7-99

Send to Scheduling?
Yes ✓
No ______

Scheduling
'99 JUN 7 AM11:00

ICAF

International Child Art Foundation

June 4, 1999

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

Dear Mr. President:

It is my honor to invite you to meet some of the most creative children from around the world and to join visiting first ladies from at least eight countries to honor these children and present them with awards on June 29, 1999.

The International Child Art Foundation (ICAF), an independent, nonprofit organization that celebrates and promotes children's art, imagination and creativity, responded to your call for action in the State of the Union Address on January 27, 1998: "... let us lift our eyes to the new millennium. How will we mark that passage? It just happens once every thousand years...Let us imagine the future".

The ICAF Millennium Program involves children in the celebration of the new millennium by encouraging them to create original paintings and drawings on the theme *My World in the Year 2000*. The program began in classrooms across the United States and spread to schools around the world. ICAF has secured partnerships with 40 ministries of education and culture in the participating countries, and has the support of the first ladies in 12 countries. Children in a total of 76 countries participated in the program. ICAF's partner organization in each country arranged a panel of distinguished artists and art educators that selected an artwork for the *ChildArt* **2000** Exhibition at ICAF's International Children's Festival in Washington, DC later this month.

You would be delighted to learn that U.S. Ambassadors and American Embassy staff in several countries were instrumental in implementing the ICAF program. We are especially grateful to the Ambassadors and staff in Lesotho, Mongolia and Mozambique, because without their involvement, the children of these countries would not have had the opportunity to participate in the program.

The *ChildArt* **2000** Festival will take place from June 29 to July 6, 1999 in Washington, DC. More than 60 countries, including Albania, Bosnia, China, Croatia, Iran, Russia, Yemen and Yugoslavia will participate in the Festival. The Festival will include an exhibition of international artwork based on the theme *My World in the Year 2000*. The children who created these artwork, their teachers and parents have been invited by ICAF to participate in the Festival.

International Child Art Foundation
1350 Connecticut Avenue, NW
Suite 1225
Washington DC 20036-1702

Tel 202 530 1000
Fax 202 530 1080
Childart@icaf.org
http://www.icaf.org

On Tuesday, June 29th the *ChildArt* **2000** Awards Ceremony and Luncheon will take place at the Atrium Ballroom of the Ronald Reagan Building. You and the First Lady are invited as Guests of Honor to greet and present awards to the talented children, who are potentially the future leaders of the world. Several first ladies who are members of the ICAF Millennium Committee plan to travel to Washington, DC to meet with and honor these children. We have received confirmations thus far from the first ladies of Costa Rica, The Gambia, Grenada, Liberia, Lithuania, Kazakhstan, and the Kyrgyz Republic as well as the Deputy Prime Minister of Uzbekistan.

Through the White House Millennium Council, ICAF had invited Mrs. Clinton to be the Honorary Chairperson of the ICAF Millennium Committee, but we have not yet received a formal response to our invitation letter of January 8, 1999. We still hope that the First Lady would be able to fulfill this role, as it would reflect your Administration's untiring commitment to programs that advance the art, creativity and imagination of children.

You may also consider inviting the children and the visiting first ladies to the White House in the afternoon of June 29th or 30th for a brief audience with you and Mrs. Clinton. This hospitality would deepen the appreciation and love for the United States in the hearts of the child artists, and through them in children around the world.

ICAF would be honored and the children would be thrilled if you and the First Lady could join us. We do hope you and the First Lady are able to participate in what we believe is a very valuable event that will unite children from around the world through a common interest that transcends all boundaries as we face both the turn of the century and the new millennium.

Sincerely,

Ashfaq Ishaq, Ph.D.
Executive Director

Enclosures

ICAF MILLENNIUM COMMITTEE

HONORARY MEMBERS

H. E. ALMA ADAMKIENE
FIRST LADY OF LITHUANIA
H. E. MAIRAM AKAEVA
FIRST LADY OF KYRGYZSTAN
H. H. SHEIKHA MOZAH NASSER AL MISNAD
FIRST LADY OF QATAR
H. E. BEVERLEY ARTHUR
FIRST LADY OF BARBADOS
MRS. ROSALYNN CARTER
FORMER FIRST LADY OF
THE UNITED STATES
H. E. LILLA IRENE CLERIDES
FIRST LADY OF CYPRUS
MRS. ELIZABETH B. FORD
FORMER FIRST LADY OF
THE UNITED STATES
MRS. ALICE FOSTER
FIRST LADY OF LOUISIANA
H. E. NASREENA M. A. GAYOOM
FIRST LADY OF MALDIVES
H. E. DILBAR GULAMOVA
DEPUTY PRIME MINISTER OF UZBEKISTAN
H. E. ZINEB YAHYA JAMMEH
FIRST LADY OF THE GAMBIA
H. E. JEWEL HOWARD-TAYLOR
FIRST LADY OF LIBERIA
MS. SHARON A. KITZHABER
FIRST LADY OF OREGON
H. E. LIDRA KARAGJOZI MEIDANI
FIRST LADY OF ALBANIA
H. E. SARA ALPISOVNA NAZARBAYEVA
FIRST LADY OF KAZAKHSTAN
H. E. LERINA J. NENA
FIRST LADY OF MICRONESIA
MRS. IRMA MARGARITA
NEVARES DE ROSSELLÓ
FIRST LADY OF PUERTO RICO
THE HONORABLE AND
MRS. FRANK O'BANNON
GOVERNOR AND FIRST LADY OF INDIANA
THE HONORABLE GEORGE E. PATAKI
GOVERNOR OF STATE OF NEW YORK
LADY GLORIA WILLIAMS
FIRST LADY OF GRENADA

ADVISORY MEMBERS

MS. TSIPI BEN-HAIM
CITYARTS, NEW YORK CITY
MR. MICHAEL E. BURNS
ARCHITECT AND PROJECT DESIGNER,
WASHINGTON, DC
MR. CHUCK CLOSE
ARTIST, NEW YORK CITY
PROFESSOR MARK F. COOPER
BOSTON COLLEGE, BOSTON
MR. JOHN COPPOLA
EXHIBITION PLANNER, WASHINGTON, DC
EVIE CUELLAR
GLOBAL ART 2000, NEW YORK CITY
PROFESSOR ALBO FOLARIN
ARTIST, NIGERIA
MS. HARRIET MAYOR FULBRIGHT
PRESIDENT'S COMMITTEE ON THE ARTS
AND HUMANITIES, WASHINGTON, DC
MS. BETTY JANE JOHNSON GERBER
NATION'S CAPITAL BICENTENNIAL
CELEBRATION, WASHINGTON, DC
MS. CATHERINE C. MARTENS
CAPITAL CHILDREN'S MUSEUM
WASHINGTON, DC
MR. FAIZAAN PEERZADA
MURALIST AND PUPPETEER, PAKISTAN
MR. MORRIS L. REID
DEWEY SQUARE GROUP, WASHINGTON, DC
THE HONORABLE L. WILLIAM SEIDMAN
FORMER CHAIRMAN, FDIC AND RTC
DR. PRABHA SAHASRABUDHE
TEACHERS COLLEGE COLUMBIA
UNIVERSITY, NEW YORK
MR. PETER J. TICHANSKY
BCIU, NEW YORK
MR. CHEN YIFEI
ARTIST, CHINA

The International Child Art Foundation

cordially invites you to attend the

ChildArt 2000
Awards Ceremony and Luncheon

Tuesday, June 29, 1999
12:30pm-2:30pm, Atrium Ballroom

Ronald Reagan Building
1300 Pennsylvania Avenue, NW
Washington, DC 20004

Kindly RSVP by June 21, 1999
(202) 973-8483

ICAF
International Child Art Foundation
1350 Connecticut Avenue NW Suite 905 Washington DC 20036-1702

Betty W. Currie
Personal Secretary to the President
Executive Office of the President
1600 Pennsylvania Avenue, N.W.
First Floor, West Wing
Washington, D.C. 20500

-URGENT

home
323-650-956

'99 JUN 7 PM 1:43

ZAPPA

FACSIMILE (818.761.7773) DATE: 4 June 1999

TO: Bill Clinton, President / c/o Betty Curry

COMPANY: United States

FROM: Gail Zappa & Jay Sloatman (my brother)

RE: Firepower / Kids

202.456.1210

TRANSMITTING 2 ~~PAGES~~ (INCLUDING COVER)

Dear Mr. President - I apologize in advance for having to write this in great haste - but this is following a discussion I had with my brother who saw you on the Today Show (?) this morning — as a Viet nam vet he has experience and superior knowledge regarding ammunition. He suggests that M16's and/or AK 47's (for instance) take certain types of calibers of ammunition that should properly be regulated. Why is the public able to buy deadly force ammunition, i.e., armor-piercing, hollow-point, teflon, rapid-fire casings (any ammo that can be rapid-fired) (or shotgun rounds ~~that are~~ 00 Buck vs Bird shot), etc. Why not propose that these be severely regulated (as in explosive devices)

Second page

Note:
G.Z. Home fax 323.650.6606

6-7-99

Send to Burkhardt?

Yes ✓

No ____

Clinton
fax p. 2
4 June 1999

and traceable. (permits + sales) Also, why not have kids turn in ammo — it would be a lot safer for kids & law enforcement — than having people running around randomly turning (carrying) in guns. Then we could have more time ~~to~~ and create an opportunity to educate people on what the 2nd Amendment really means — Gun collectors could perhaps still collect but would not be able to own "restricted" ammunition.

Etc, etc, etc.

With very best wishes for you & your family always — !

(I also would like the opportunity to discuss some possibilities related to other discussions we've had but you know I normally ~~don't~~ censor my spontenaity — this just seems too important!)

Thank you for your consideration.

xxx

Jill Z

P.S. I hope this isn't wasting your time as in you're already on the case!!

National Juneteenth Observance Foundation

201 N. George Lee Avenue P.O. Box 29 Belzoni, MS 39038
(662)-247-1471
(662)-247-1384(Fax)
www.19thofJune.com
www.actom.com/19thofJune

Office of the NJOF Permanent Programme Unit
The National Juneteenth Jubilee Planning Committee
Dr. Robert Starling Pritchard, Chairman

FAX TRANSMISSION

'99 JUN 7 PM1:48

TO: PRESIDENT BILL CLINTON
c/o Ms. Betty Currie
Executive Secretary
Telefax Number: (202)-456-2883

FROM: Rev. Ronald V. Myers, Sr., M.D.
Chairman
National Juneteenth Observance
Foundation

DATE: 6/7/99

RE: National Juneteenth Observance

6-7-99
Send to Scheduling?
Yes ✓ ______
No ______

Scheduling
Office

)bservance Foundation is a not-for-profit e
and
ational Juneteenth Jubilee Celebration to be

National Juneteenth Observance Foundation

201 N. George Lee Avenue P.O. Box 29 Belzoni, MS 39038
(662)-247-1471 www.19thofJune.com
(662)-247-1384(Fax) www.actom.com/19thofJune

June 7, 1999

Office of the NJOF Permanent Programme Unit
The National Juneteenth Jubilee Planning Committee
Dr. Robert Starling Pritchard, Chairman

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20501

Dear President Clinton:

It is on behalf of the Board of Directors of the **National Juneteenth Observance Foundation (NJOF)** and its Affiliate Organizations throughout the United States that I take this occasion of this 12th day before the first "officially recognized" Independence Day celebration for Americans of African descent, to express the feelings of disappointment and disillusionment that our Foundation, as the organizers of an event which will commemorate the 257 years of slavery in the United States ... and also celebrate the manumission of Our enslaved African fore-fathers and fore-mothers, have received from our constituents in the absence of what appears to be your consistent disinclination to publicly identify with the aforementioned historic event. Black Christians, Moslems and Jews, perhaps for the first time in American history, are united in our resolve to celebrate **Juneteenth Independence Day** at the nation's capitol on the ***"19th of June"***.

Moreover, we have been all the more mystified by the fact that your Democratic administration's **National Park Service (NPS)** has conducted its contact with the Board Members of our Foundation, in the same "institutional racist" manner that other major Black organizations have alleged that they have experienced with the **NPS** under circumstances similar to ours. Enclosed you will find my 5/21/99 letter to **NPS** official Gentry Davis detailing concerns over our experience with the **NPS**.

Since it is incontestable that you will indeed personally identify with the annual ***"4th of July"*** American Independence Day Ceremonies in Washington, DC ... American citizens of African descent would at the very least, have expected you to identify with the Independence Day of Americans of African descent, as indeed you have annually during your administration and will this year identify with the "4th ***of July"*** **Declaration of Independence**, which as you are well aware, was originally issued for Euro-Americans only.

Mr. President, since we prefer to assume that your failure to respond to our 4/14/99 letter concerning hosting a **Juneteenth Ministerial Prayer Breakfast** on Friday, June 18, 1999, may have been inadvertent, we have taken the liberty to bring this matter to your urgent attention. However, my 2/17/99 letter inviting you to address the **National Juneteenth Celebration** on the ***"19th of June"*** was indeed declined. Again, in that same letter, our request for your support to establish the ***"19th of June"*** as a National Holiday in America was responded to in a fashion that indicates a lack of appreciation for what Americans of African descent consider an extremely important issue.

We have taken the liberty to bring this matter to your urgent attention, in the hope that our Foundation and its many affiliate organizations supported by Black Christian, Moslems and Jews throughout America may be able to count on your identification with the ***"19 of June"*** first "officially recognized" (i.e.: through 1997 Senate Resolution 11 and House Resolution 56) **Juneteenth Jubilee Observance.** We also extend an invitation for you to address those gathered at our **3rd Annual National Juneteenth Prayer and Praise Worship Service** on Friday evening, June 18, 1999, at Metropolitan Baptist Church, Dr. H. Beecher Hicks, Pastor, 1225 R Street, N.W. at 7:00pm.

It is then Mr. President, in expectation of your expeditious reply to this inquiry and request, that it is on behalf of my colleague Board Members of the **National Juneteenth Observance Foundation,** that I ask you sir, to accept these assurances of my highest esteem.

Sincerely,

Rev. Ronald V. Myers, Sr., M.D.
Chairman

Chairman
National Juneteenth Christian Leadership Council (NJCLC)

enclosures

cc: **NJOF** Board of Directors

NATIONAL JUNETEENTH CHRISTIAN LEADERSHIP COUNCIL (N.J.C.L.C.)

201 N. Rev. George Lee Avenue
P.O. Box 29
Belzoni, MS 39038
Internet Web Site: http://www.actom.com/njclc.htm

Rev. Ronald V. Myers, Sr., M.D.
Chairman
Tchula, Mississippi
(601)-247-1471
(601)-235-4227
(601)-247-1384(Fax)
E-mail: MYERSFOUND@aol.com

Rev. Mark Pollard
Co-Chair
Atlanta, Georgia
(404)-303-8259
(404)-303-9398(Fax)
E-mail: Pollard888@aol.com

FOR IMMEDIATE RELEASE (June 4, 1999)

For Information: Rev. Ronald V. Myers, Sr., M.D., Chairman
National Juneteenth Christian Leadership Council (NJCLC)
(662)-247-1471/235-4227 (662)-247-1384(Fax)
e-mail: myersfound@aol.com web site: www.actom.com/njclc.htm

CHRISTIAN OBSERVANCE OF "JUNETEENTH INDEPENDENCE DAY" AT NATION'S CAPITOL

(WASHINGTON, DC) - The **National Juneteenth Christian Leadership Council (NJCLC)** announces a historic Christian observance of **Juneteenth Independence Day** in Washington, DC through a **3rd Annual National Juneteenth Prayer and Praise Worship Service** on June 18, 1999. The service will be held at Metropolitan Baptist Church, Dr. H. Beecher Hicks, Pastor, 1225 R Street, N.W., Washington, DC, beginning at 7:00pm. Speakers include former Congresswoman Barbara Rose Collins (D-Michigan), Rev. Mark Pollard, President of the Common Ground Coalition in Atlanta, GA, John Mosley, historic convener of the **"Modern Juneteenth Movement"**, Bishop Imagene Stewart, Director of the **District of Columbia Juneteenth Celebration** and Oklahoma State Senator Maxine Horner. Senator Horner will receive the distinguished **NJCLC *"Juneteenth Leadership Award"*** for the successful passage of Oklahoma's Juneteenth state holiday legislation. Music will include a special ***"Juneteenth Jazz Sacred Music Presentation"*** by Rev. Ronald V. Myers, Sr., M.D.

"After 134 years, **Juneteenth** is becoming a date to be circled on calendars around the country and observed in churches across America," said Rev., Dr. Ronald Myers. Myers is chairman of the **NJCLC**, a group of national and international Christian leaders dedicated to communicating the prophetic significance of the enslavement and emancipation of African-Americans through the Christian observance of **Juneteenth Independence Day** in churches throughout America and the world. Celebrated on the **19th of June**, the holiday marks African-American's independence from slavery.

"It is a commemoration of freedom since we were not free on the **4th of July**," Myers states. "From the establishment of America's first African-American church, throughout slavery and beyond, the church has been the foundation of the African-American community. Therefore, it is not surprising the black church has always played a pivotal role in keeping alive the meaning of **Juneteenth**," continues Myers.

Dr. Myers, renowned Christian physician, minister and jazz musician, serving the poor in the Mississippi Delta communities of Tchula and Belzoni, was one of the historic leaders working with former Congresswoman Barbara Rose Collins (D-Michigan), Senator Majority Leader Trent Lott (R-Mississippi) and Congressman J.C. Watts (R-Oklahoma) to gain wider acceptance and recognition of **Juneteenth** through the passage of a congressional resolution commemorating **Juneteenth Independence Day** in the United States and "encouraging its observance" in 1997.

"It was an answer to prayer when both houses of Congress and President Clinton recognized the **"19th of June"** as **Juneteenth Independence Day** in America," states Dr. Myers. "We are encouraging President Clinton to appoint a **National Juneteenth Observance Presidential Commission** for the purpose of advising him and educating the American people on how the annual observance of **Juneteenth**, as an American second day of Independence can best accomplish the goal of true racial healing, justice and reconciliation in America. I have also written President Clinton and requested his support for establishing **Juneteenth Independence Day** as a **National Holiday**."

In defense of his call for a **National Juneteenth Observance Presidential Commission** and a **Juneteenth Independence Day National Holiday** ... Dr. Myers states: "As an Independence Day of parallel importance to the national African-American Community as is the **"4th of July"** to the Euro-American Community, I believe that **Juneteenth, the "19th of June"**, should eventually become America's second Independence Day Observance. For if the adage *'no one is free until all are free'* is to have any relevance at all, then it must logically follow that a **National Observance of Juneteenth** (the 19 June 1865 date upon which enslaved Africans became free in America) should be as respectfully celebrated by Euro-Americans as the **"4th of July"** is celebrated by all Americans (including African-Americans)."

For more information contact Dr. Myers at (662)-247-1471, Rev. Mark Pollard (404)-303-8257 or write the **NJCLC**, P.O. Box 29, Belzoni, MS 39038, or e-mail: ***myersfound@aol.com*** (web site: ***www.actom.com/njclc.htm*** or fax: (662)-247-1384.

NATIONAL JUNETEENTH CHRISTIAN LEADERSHIP COUNCIL
(N.J.C.L.C.)

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1999 3RD ANNUAL

NATIONAL JUNETEENTH PRAYER & PRAISE WORSHIP SERVICE

METROPOLITAN BAPTIST CHURCH

1225 R Street, N.W.
Washington, DC 20009
Dr. H. Beecher Hicks, *Pastor*

with

Rev. Ronald V. Myers, Sr., M.D.: *Chair-NJCLC & NJOF*
Fmr. Congresswoman Barbara Rose Collins (D-MI)
State Senator Maxine Horner (D-OK)
Rev. Mark Pollard: *President-Common Ground Coalition*
Bishop Imagene Stewart: *Director-DC Juneteenth Celebration*
John Mosley: *Founder-Modern Juneteenth Movement*
Rev. Marilyn Thornton, Esq.

7:00pm
Friday, June 18, 1999
(202)-483-1540

A ministry of the *Common Ground Movement*
1160 Old Johnson Ferry Road
Atlanta, GA 30319
www.COMMONGROUND.net

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May 21, 1999

Gentry Davis
Deputy Regional Director
The National Capital Parks-Cenral
The National Park Service

Transmitted via telefax to (202)-619-7220

Dear Mr. Gentry:

It is with great concern that I write this letter because of the difficulties that have been associated with the **NPS** granting a permit for our **NJOF National Juneteenth Celebration** scheduled for the ***"19th of June"*** at the **Lincoln Memorial** grounds in Washington, DC. The following history of documented facts points to a serious endemic problem within the **NPS** concerning our 1st officially recognized celebration.

It is because We support the efforts of the **National Juneteenth Observance Foundation** to organize our Country's first "officially recognized" **National Juneteenth Jubilee Observance** in Washington D.C. on the **National Mall** (on 19 June 1999) ... that we unconditionally support the Mississippi based **National Juneteenth Observance Foundation**'s following positions:

... to initiate an intra-racial kith and kin "Unity (through reconciliation) Dialogue" between all cultural, socioeconomic and religious sect communities of our people (through welcoming the **Juneteenth Observance** participation of the Black Christian, Black Islamic and Black Hebrew faith communities);

We congratulate the planners of the first "officially recognized" **National Juneteenth Jubilee Observance**, for their vision in pursuing the goal of "African-American Community Unity", in a manner which can avoid the Civil Rights Era spectacle of intra-race disunity. For contemporary black American history confirms, that even during the greatest days of the Civil Rights Era, the spectra of intra-race leadership divisiveness was manifested by nightly TV news reports of the racist-serving "divide and conquer exposes" of black American disunity.

That Era's "DIVIDED WE FALL" reality is not one which will be repeated by the NJOF's "UNITED WE STAND" organizational strategies for launching the first "officially recognized" **National Juneteenth Jubilee Observance** (in Washington D.C. on 19 June 1999). For who in the broad reaches of the African-American Community, does not recall that the vastly contrasting ideologies that were declaimed by the late lamented and martyred Dr. Martin Luther King ... and the revered social and economic pragmatist, Malcolm X ... ultimately served only the Euro-American racialist enemies of African-Americans, who supported the former and rejected the latter.

Moreover, who can deny that had the Civil Rights Leadership reached out into the broad most sectors of the African American Community to accommodate both the spiritual and the pragmatic philosophies of those two great historic leaders ... that a unified voting and economic block of African-American citizens could have achieved for itself, real enduring "PROGRESS" (rather than the illusion of "progress").

Rather did the Euro-American touted false claims of "CHANGE" in race relations deceive our people into the belief that though we are still on the bottom of the American socioeconomic ladder ... that "CHANGE" is synonymous with "PROGRESS".

It is from such a clear and inarguable premise, that the **NJOF** had committed itself to organize our Country's first "officially recognized" **National Juneteenth Observance** in equal partnership with all sectors of the African-American communities religious sect, cultural and socioeconomic communities.

In fact, it came as no surprise to the **NJOF** leadership, that the Executives of the **National Park Service** had from the very first day that the **NJOF's** Legal Counsel presented the Foundation's application for a **National Mall** usage permit, that our historic event encountered the following incidents in our Foundation's contact with certain officials of the **National Park Service**:

A) On the date of 13 April 1999, even before the **NJOF** Attorney presented the Foundation's application for a permit to launch the first "officially recognized" **National Juneteenth Jubilee Observance**, she was advised by two separate **NPS** staffers that they regarded two particular **NPS** Executives as particularly notorious racists who were known to maneuver to deny the foundation's permit application.

Not unsurprisingly. that is exactly what happened.

B) It was only following an attempt by an African-American newspaper reporter to interview one of the accused NPS employees, that the NPS made a "turn-about-face" offer to meet with an **NJOF** delegation to re-discuss the permit-application issue.

C) On the morning of 5 May 1999, an **NJOF** delegation (comprised of the Foundation's Attorney, the Events' Planning Committee Chairman [who also happens to be the founder of the **Black History Month Observance**] and his two Aide-de-Camps) met with several of the **NPS**' Executive Staffers, during which the NPS offered the **NJOF** space on the **National Mall** sufficient to receive 50,000 - 75,000 **Juneteenth** Jubilee Celebrants (protesting that space for the 600,000 - 1,000,000 African-American Celebrates was not available.

D) However, prior to that meeting, in telephone conversations with **NPS** Officials ... the latter asserted that the Washington, D.C. based African-American Holiday Association had been issued a permit for the same National Mall area requested by the NJOF. HOWEVER, THE REPORT OF A PROFESSIONAL INVESTIGATOR TO THE **NJOF** THAT THE **NPS** WITHDRAWN ITS PROMISE TO ISSUE A **NATIONAL MALL** USAGE PERMIT TO THE AAHA FOR THE USE OF THE MALL ON 19 JUNE 1999 ... BECAUSE THE NPS HAD COMMITTED THE **NATIONAL MALL** AREA FOR USE BY THE SMITHSONIAN INSTITUTION'S ANNUAL "FOLKLIFE FESTIVAL PROGRAMME".

E) Upon further investigation. it was confirmed by reliable sources that the **National Mall** area reserved for use by the "Folklife Festival" was only a portion of the **National Mall** (which left one-half mile on the Capital Side of the Folklife Festival area and fully one mile on the other side available for use (and not at that time, committed for any other event). ONCE AGAIN. THE **NPS** BOLD-FACEDLY LIED TO THE **NJOF.**

F) At that point in the **NPS**' considerably less than in "good-faith" negotiations with the **NJOF**, it became clear beyond argument ... that the **NPS** was determined to either diminute the numbers of African-American **Juneteenth** Celebrants from 600,000 - 1,000,000 to between 50,000 - 75,000 black citizens, in response to the **NJOF**'s oft-repeated calculation that the numbers of **Juneteenth** Celebrants might very well rival that of the so-called "Million Man March" (a term which the media created ... and not that event's organizers).

G) On the occasion of the afore-referenced 5 May meeting, when the **NJOF**'s Planning Committee Chairman made reference to the fact that "certain allegations" (which he purposefully did not specifically reference as racist ones) about **NPS** negative attitudes towards the **Juneteenth Observance** had been brought to the **NJOF's** attention (and that they should be seriously addressed by the NPS) ... the Euro-American Superintendent of the **NPS**' National Capital Parks-Central (Mr. Arnold Goldstein, Telephone Number: (202)-485-9880) became apoplectically hostile with his insulting remarks hurled at the **NJOF** Planning Committee Chairman and the Founder of the **Black History Month Observance**. Goldstein's response was such a "shoe fits one", that the BHM Founder literally gasped at the spectacle of watching Goldstein literally "tell-on-himself".

H) Both as a "Man" and as a "Black Man" ... The Founder of the **Black History Month Observance** (and also "History's First Career-Viable Virtuoso Concert Pianist and Recording Artist of African descent) ... subsequently in-writing, demanded a verbal or in-writing apology from the racialist predator **NPS** Official before he would return to the **NPS** conference table (at a meeting scheduled for tomorrow morning, 20 May 1999 at 9:00 AM). For in his view, the victim regarded the eradication of racism in the **NPS** as of far greater importance, than any one day celebration could possibly be.

I) Though today at 3:45 PM ... a letter was in fact transmitted by the offending NPS official to the **Black History Month Observance** founder ... its "ring-around-the-not-so-rosey-racist-issue" text was so totally unacceptable to the **BHM** founder, that (despite the fact that the offending racist did not intend to be present at tomorrow morning's meeting) ... the African-American victim of the insulting conduct of Mr. Goldstein remained adamant in his intention not to placate the offending Euro-American racist **NPS** Official and his "brush the incident aside" African-American superior by lending the slightest impression that either as a man or as a black man, that he would in the least way coddle favor with a racist of any color, creed, culture or country of origin.

Finally, it is my position that the NPS should do all it can to assist the **NJOF** in its' plans for at least 1 million **Juneteenth** Celebrants to be in assembly at the **Lincoln Memorial** grounds and that the permit should reflect that number. Anything less than that number is unacceptable and will be viewed as an attempt by the **NPS** to impede the successful completion of our historic event. Corporate sponsors and other major contributors are much more enthusiastic toward funding an event with sufficient numbers to justify their large dollar support.

I pray that you will immediate reconsider your present position and issue a permit for 1 million Juneteenth Celebrants to be in attendance.

Sincerely,

Rev. Ronald V. Myers, Sr., M.D.
Chairman

cc: **NJOF** Board of Directors
Washington Post
Washington Times
Miami Herald
Times-Picayunne
USA Today
New York Times

NATIONAL JUNETEENTH CHRISTIAN LEADERSHIP COUNCIL
(N.J.C.L.C.)

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April 14, 1999

The Honorable Bill Clinton
President
United States of America
The White House
Washington, DC 20501

Dear President Clinton:

It is with great anticipation that I write you this letter concerning our upcoming 1st Annual **National Juneteenth "All Day Jubilee Extravaganza" Celebration**, on the ***"19th of June"*** in Washington, DC. Our plans include activities at the Lincoln Memorial and Howard University. This historic monumental occasion will be an inspiration to the entire nation as a true American Independence Day celebration of freedom for not just African-Americans, but all Americans, regardless of race, creed, religion or nationality.

On Friday, June 18, 1999, we would be truly blessed for you, the leader of our nation, to host a **Ministerial Prayer Breakfast**, on the White House lawn, as the pivotal inaugural event for the **National Juneteenth Celebration** weekend activities. Along with the Prayer Breakfast on Friday and the "All Day Jubilee Extravaganza" on Saturday, there will be a **National Juneteenth Fathers Day Worship Service** at the National Cathedral in Washington, DC, beginning at 6:00pm on Sunday, June 20, 1999. We would be honored for you to attend the worship service and address those in attendance.

Thank you for your prayerful consideration of these matters. We appreciate your support for the celebration of **Juneteenth Independence Day** in America. We will continue to pray that God will grant you wisdom as the leader of our nation.

Sincerely,

Rev. Ronald V. Myers, Sr., M.D.
Chairman

National Chairman
National Juneteenth Celebration Association

Chairman
National Juneteenth Observance Foundation

cc: Rev. Mark Pollard
Rev., Dr. Lehman D. Bates
Dr. Robert Starling Pritchard

National Juneteenth Observance Foundation

201 N. George Lee Avenue P.O. Box 29 Belzoni, MS 39038
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www.actom.com/19thofJune

March 23, 1999

Office of the NJOF Permanent Programme Unit
The National Juneteenth Jubilee Planning Committee
Dr. Robert Starling Pritchard, Chairman

Ms. Stephanie S. Streett
Assistant to the President
Director of Presidential Scheduling
The White House
Washington, DC 20501

Dear Ms. Streett:

In thanking you for your response to the enclosed letter of 2/17/99 addressed to President Clinton (in which we extended him an invitation to address the throngs of African-Americans who will attend the first "officially recognized" **Juneteenth Jubilee Celebration** which is scheduled to be premiered in Washington, DC on the "19 of June") ... We also request that you draw the President's attention to draft "Op-Ed" article ... the text of which setsforth a dilemma which We assume will be of interest to our Chief-of-State.

Though it should be needless for Us to say that We are particularly aware of a President's schedule priorities ... We nonetheless respectfully submit that it would be difficult ... very difficult indeed, for Americans of African descent to understand whatever the reasons may be for what on the surface appears to be the Democratic leadership's seemingly orchestrated disavowal of association with a celebration of the **Independence Day Observance** of African-Americans ... whilst those very same Democratic party leaders would be reluctant to reject an invitation to appear at an "officially recognized" **4th of July Independence Day Observance** (of Euro-Americans).

It is in the context of that anomaly that We respectfully request that you bring the attached "Op-Ed" article to the attention of President Clinton, since it very clearly setsforth certain political dynamics of at least the appearance that the Democratic Leadership is less sensitive to the meaning of an **Independence Day Observance** for African-Americans, than it is to the meaning of the traditional **4th of July Independence Day Celebration**.

It is then Ms. Streett, whilst We find it most regrettable that evidently the President did not regard the forthcoming **Juneteenth Celebration** in Washington, D.C. as of sufficient importance to appoint a high ranking member of his Executive staff to represent His Goodself at the forthcoming Black American **Independence Day Observance** ... We nonetheless extend Our felicitations to His Goodself, as We also await his response to the political realities which are setforth in the attached "Op-Ed" article.

Sincerely,

The Reverend Ronald V. Myers, Sr., M.D.
Chairman, **National Juneteenth Observance Foundation**
Chairman, **National Juneteenth Christian Leadership Council**

enclosures

THE WHITE HOUSE

WASHINGTON

March 5, 1999

The Reverend Ronald V. Myers, Sr., M.D.
National Juneteenth Christian
Leadership Council
Post Office Box 29
Belzoni, Mississippi 39038

Dear Dr. Myers:

On behalf of President Clinton, thank you for writing to him to suggest the creation of a new "national" holiday.

Although certain holidays are observed virtually all over our country, there are no holidays legally designated as "national." Instead, each state has jurisdiction over the holidays to be observed by its employees, while the President and the Congress designate only those for employees of the District of Columbia and for federal employees throughout the nation.

President Clinton appreciates your interest and sends his best wishes.

Sincerely,

Daniel W. Burkhardt

Daniel W. Burkhardt
Special Assistant to the President
Director of Correspondence and
Presidential Messages

THE WHITE HOUSE

WASHINGTON

March 16, 1999

The Reverend Ronald V. Myers, Sr., M.D.
National Juneteenth Christian
Leadership Council
Post Office Box 29
Belzoni, Mississippi 39038

Dear Dr. Myers:

On behalf of President Clinton, thank you for inviting the President to address the National Juneteenth Celebration on June 19, 1999 in Washington, DC.

The tremendous demands on the President's schedule do not permit the White House to honor your request. Please know that your request was given full consideration and that President Clinton appreciates your interest.

Once again, thank you for contacting the White House.

Sincerely,

Stephanie S. Streett

Stephanie S. Streett
Assistant to the President
Director of Presidential Scheduling

SSS/twe

NATIONAL JUNETEENTH CHRISTIAN LEADERSHIP COUNCIL (N.J.C.L.C.)

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E-mail: commonground@mindspring.com

February 17, 1999

The Honorable Bill Clinton
President of the United States of America
The White House
Washington, DC 20501

Dear President Clinton.

Thank you for your **Juneteenth '97** and **Juneteenth '98** letters acknowledging the significance of **Juneteenth Independence Day** in the United States. I have enclosed some information concerning our **"19th of June"**, **"All Day 1999 Jubilee Extravaganza"**, **National Juneteenth Celebration** in Washington, DC this year. We are planning for thousands to travel to the nation's capitol to celebrate our **African-American Independence Day** in America. We hope that you will be amenable to speaking to the nation concerning **Juneteenth Independence Day** on the **"19th of June"**.

I have enclosed another copy of my 6/21/97 letter to you requesting that you give serious consideration to the establishment of a Presidential **National Juneteenth Commission**. I still have not received a response from you concerning this important matter to the nation. Former Congresswoman Barbara Rose-Collins (D-Michigan) was instrumental in introducing and passing the first resolution before the House of Representatives recognizing **Juneteenth Independence Day** in America. She would make an excellent choice for Chairwoman of the Presidential **National Juneteenth Commission** and comes with the strong support of **Juneteenth Organizations** across the country.

As our nation's leader, I ask your support in establishing the **"19th of June"** or **Juneteenth Independence Day** as a National Holiday for all Americans to celebrate our true day of independence from slavery. I am looking forward to your enthusiastic support for the celebration of **Juneteenth Independence Day** at the nation's capitol and for the establishment of the **"19th of June"** as a National Holiday in America.

Sincerely,

Rev. Ronald V. Myers, Sr., M.D.
Chairman

6-7-99

Gene/Larry Fyi

copied Sperling Brainard Podesta

ECONOMIC INDICATORS

OUTPUT, DEMAND AND JOBS American industrial output leapt by 0.9% in April, to a level 2% higher than a year earlier. Italian industrial output rose by 1.2% in the 12 months to March. Britain's jobless rate stayed at 6.2% in March; Dutch unemployment fell to 3.4% in April. GDP growth in France in the 12 months to the fourth quarter of 1998 was revised down to 2.7%.

% change at annual rate	GDP		The Economist poll GDP forecasts		Industrial production		Retail sales (volume)	Unemployment % rate	
	3 mths†	1 year	1999	2000	3 mths†	1 year	1 year	latest	year ago
Australia	+ 4.3	+ 4.7 Q4	+ 3.1	+ 3.2	na	- 4.1 Q4*	+ 3.1 Q4	7.5 Apr	7.9
Austria	na	+ 2.1 Q4	+ 2.0	+ 2.6	na	+ 2.6 Jan	+ 2.3 Dec	4.5 Apr	4.4
Belgium	- 1.2	+ 1.6 Q4	+ 1.9	+ 2.4	na	- 3.2 Feb*	+ 2.8 Dec	11.3 Apr*	12.2
Britain	+ 0.4	+ 0.7 Q1	+ 0.7	+ 2.1	- 3.5	- 0.7 Mar	+ 2.0 Mar	6.2 Mar§	6.5
Canada	+ 4.6	+ 2.8 Q4	+ 2.9	+ 2.6	+ 5.1	+ 2.0 Feb	+ 5.0 Jan	8.3 Apr	8.4
Denmark	- 0.3	+ 2.7 Q4	+ 1.6	+ 2.2	na	- 1.8 Feb	+ 2.4 Feb	5.9 Mar	6.9
France	+ 3.3	+ 2.7 Q4	+ 2.2	+ 2.6	- 4.2	+ 1.0 Feb	- 0.8 Jan	11.5 Mar	12.0
Germany	- 0.6	+ 2.0 Q4	+ 1.5	+ 2.5	- 0.1	- 3.3 Mar	+ 6.8 Mar	10.6 Apr	11.3
Italy	- 1.1	+ 0.9 Q4	+ 1.5	+ 2.2	+ 0.4	+ 1.2 Mar	+ 0.9 Feb	12.0 Jan	12.0
Japan	- 3.2	- 2.8 Q4	- 1.1	- 0.1	+ 1.5	- 0.8 Mar	- 3.5 Feb	4.8 Mar	3.9
Netherlands	+ 5.3	+ 3.3 Q4	+ 2.4	+ 2.6	+ 3.9	+ 0.3 Mar	- 2.8 Jan	3.4 Apr**	4.5
Spain	+ 3.0	+ 3.6 Q4	+ 3.2	+ 3.4	+ 2.6	- 0.5 Feb	na	17.8 Jan	19.7
Sweden	+ 5.7	+ 3.2 Q4	+ 2.2	+ 2.7	- 5.9	+ 0.7 Feb‡	+ 6.3 Mar	5.3 Apr*	6.6
Switzerland	+ 2.1	+ 1.2 Q4	+ 1.2	+ 1.7	na	- 0.7 Q4*	+ 9.3 Mar	2.9 Apr*	4.2
United States	+ 4.5	+ 4.0 Q1	+ 3.6	+ 2.5	+ 2.7	+ 2.0 Apr	+ 9.2 Mar	4.3 Apr	4.3
Euro-11	+ 0.8	+ 2.3 Q4	+ 2.1	+ 2.6	- 3.5	- 0.3 Feb	+ 1.5 Dec††	10.4 Mar	11.1

*Not seasonally adjusted. †Average of latest 3 months compared with average of previous 3 months, at annual rate. ‡New series. §Jan-Mar; claimant count rate 4.5% in April. **Feb-Apr. ††Economist estimate: weighted average of countries listed above.

PRICES AND WAGES American consumer prices rose by 0.7% in April, their biggest monthly increase since September 1990, pushing the 12-month inflation rate up to 2.3%. American producer-price inflation increased too, to 1.1%. Spanish consumer-price inflation hit 2.4% in the year to April, its highest since February 1997; but British inflation fell to 1.6%.

% change at annual rate	Consumer prices*		The Economist poll consumer prices forecast		Producer prices*		Wages/earnings	
	3 mths†	1 year	1999	2000	3 mths†	1 year	3 mths†	1 year
Australia	- 0.7	+ 1.2 Q1	+ 1.6	+ 2.4	- 2.3	- 0.6 Q1	- 0.3	+ 1.8 Q1
Austria	+ 0.8	+ 0.3 Apr	+ 0.9	+ 1.3	+ 2.5	- 1.6 Apr	na	na
Belgium	+ 2.4	+ 1.2 Apr	+ 1.0	+ 1.4	- 5.1	- 3.2 Feb	+ 1.1	+ 2.5 Q4
Britain	+ 0.7	+ 1.6 Apr	+ 2.0	+ 2.3	+ 3.4	+ 1.0 Apr	+ 5.7	+ 4.6 Feb**
Canada	+ 3.0	+ 1.0 Mar	+ 1.0	+ 1.5	- 2.4	+ 1.4 Mar	+ 4.2	+ 1.3 Feb
Denmark	+ 2.2	+ 2.3 Mar	+ 2.1	+ 2.2	- 0.4	- 1.7 Mar	+ 3.7	+ 4.5 Nov**
France	+ 1.9	+ 0.4 Apr	+ 0.6	+ 1.1	- 2.7	- 3.0 Mar	+ 1.8	+ 2.0 Oct*
Germany	+ 1.2	+ 0.7 Apr	+ 0.6	+ 1.2	+ 1.9	- 3.1 Apr	na	+ 2.6 Feb*
Italy	+ 4.5	+ 1.5 Apr	+ 1.4	+ 1.7	- 2.2	- 1.8 Mar	+ 0.5	+ 1.4 Mar*
Japan	- 3.9	- 0.4 Mar	- 0.4	- 0.4	- 2.2	- 1.9 Apr**	na	+ 0.6 Apr
Netherlands	+ 6.5	+ 2.2 Apr	+ 2.1	+ 2.0	- 3.0	- 3.3 Feb	+ 2.3	+ 2.8 Mar
Spain	+ 2.9	+ 2.4 Apr	+ 2.0	+ 2.3	- 0.1	- 1.2 Mar	+ 2.3	+ 1.9 Q4
Sweden	na	- 0.1 Apr	+ 0.4	+ 1.1	- 4.6	- 2.7 Mar	+ 4.7	+ 3.0 Feb*
Switzerland	+ 2.5	+ 0.6 Apr	+ 0.4	+ 0.8	- 1.8	- 2.7 Apr	na	+ 0.5 1997
United States	+ 2.2	+ 2.3 Apr	+ 2.0	+ 2.3	+ 1.6	+ 1.1 Apr	+ 3.0	+ 3.2 Apr
Euro-11	+ 0.7	+ 1.0 Mar	+ 1.1	+ 1.4	- 2.6	- 2.3 Mar	na	+ 2.1 Q4††

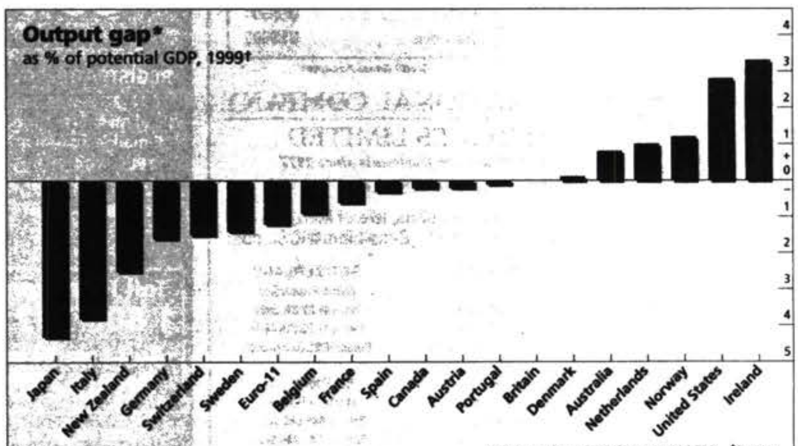
*Not seasonally adjusted. †Average of latest 3 months compared with average of previous 3 months, at annual rate. **New series. ††Economist estimate: weighted average of countries listed above

The Economist COMMODITY PRICE INDEX Coconut-oil prices have risen by 50% over the past year, to touch a 14-year high of $930 a tonne this month. Exports of coconut oil from the Philippines, which accounted for 46% of world production in 1997-98, have fallen from 110,000 to 20,000 tonnes a month. After last year's El Niño-induced drought, there is a shortage of copra, the dried flesh of the coconut from which oil is extracted. Stocks of the oil in Rotterdam have fallen by 60% since January, to less than 50,000 tonnes. Many coconut-oil mills in the Philippines have been forced to shut down temporarily; others hope to import copra from Indonesia. Local detergent and soap manufacurers are importing palm-kernel oil as a substitute.

1990=100	May 11th	May 18th*	% change on one month	one year
Dollar index				
All items	84.8	84.7	+ 1.3	- 12.1
Food	90.5	90.5	- 0.6	- 21.2
Industrials				
All	79.8	79.7	+ 3.3	- 0.7
Nfa†	94.8	95.2	+ 4.3	+ 0.7
Metals	70.7	70.3	+ 2.5	- 1.9
Sterling index				
All items	93.3	93.3	+ 1.1	- 11.9
Food	99.6	99.7	- 0.9	- 21.0
Industrials				
All	87.8	87.8	+ 3.0	- 0.5
Nfa†	104.4	104.8	+ 4.0	+ 1.0
Metals	77.8	77.4	+ 2.3	- 1.6
SDR index				
All items	84.8	85.2	+ 1.9	- 12.8
Food	90.5	91.0	- 0.1	- 21.8
Industrials				
All	79.8	80.1	+ 3.9	- 1.5
Nfa†	94.9	95.7	+ 4.8	- 0.0
Metals	70.7	70.7	+ 3.1	- 2.6
Gold				
$ per oz	278.85	274.55	- 3.6	- 8.5
Crude oil North Sea Brent				
$ per barrel	16.30	15.27	- 4.4	+ 5.2

* Provisional. † Non-food agriculturals.

■ BUSINESS CYCLES A positive "output gap" suggests that an economy has been growing unsustainably fast, pointing to renewed inflationary pressure; a negative gap is a sign of slack. But the output gap is an imprecise measure. It depends on the estimated trend rate of growth, and on the choice of years when the economy is thought to have been on trend. Although the OECD forecasts that the average output gap in the G7 industrial countries this year will be zero, this hides wide differences. Japan and Italy are struggling, but America's 2.8% gap implies overheating—a conclusion disputed by believers in the "new paradigm". Within the euro-11 area (average gap: -1.1%) there is also a huge variation, ranging from roaring Ireland, with a 3.3% gap, to sickly Italy, whose gap is -3.8%.

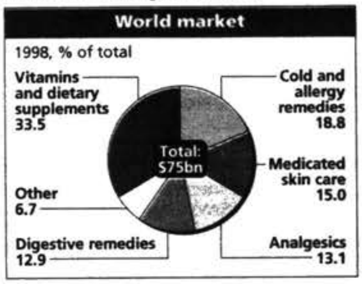


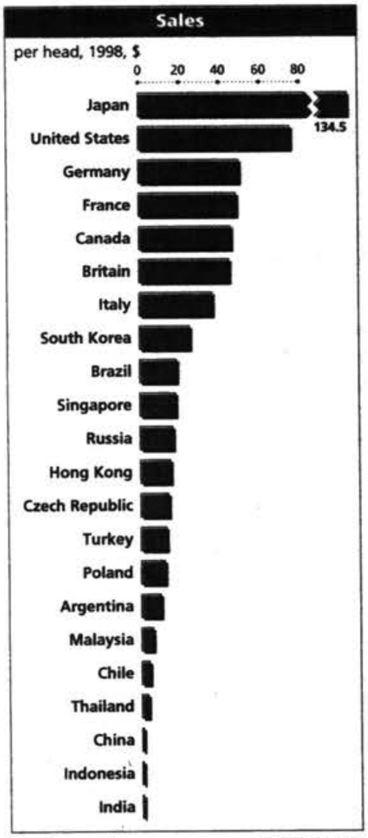
DATA ON MORE COUNTRIES ARE AVAILABLE TO SUBSCRIBERS AT WWW.ECONOMIST.COM

EMERGING-MARKET INDICATORS

HEALTH CARE Worldwide sales of over-the-counter health-care products were worth $75 billion in 1998, according to Euromonitor, a market analyst. Vitamins and dietary supplements make up one-third of the total; cold and allergy remedies account for just under a fifth. Although they still represent only a small share of the overall market, sleeping aids and products to help people give up smoking are the two fastest-growing segments of the market. Richer countries tend to spend more on over-the-counter health care than poorer ones. But there are wide disparities, even so. At an average of $135 per person per year, the Japanese spend the most on over-the-counter health care. Americans are second, at $76 per head. At the other extreme, Indians spend an average of only 55 cents.

Health-care products*





Source: Euromonitor

*Over-the-counter

ECONOMY South Korea's economy is growing again. Its GDP rose by 4.6% in the 12 months to the fourth quarter. Singapore has come out of recession too: its GDP was up by 1.2% over the same period. Israeli GDP growth edged up to 1.6%. Brazil's inflation rate was unchanged at 3.9% in the year to April; Malaysia's was down to 2.9%; Poland's rose slightly, to 6.3%.

	% change on year earlier			Latest 12 months, $bn		Foreign reserves*, $bn	
	GDP	Industrial production	Consumer prices	Trade balance	Current account	Latest	Year ago
China	+ 8.3 Q1	+ 9.0 Mar	- 2.2 Apr	+33.6 Apr	+31.1 1998**	150.4 Feb	143.7
Hong Kong	- 5.7 Q4	-13.8 Q4	- 2.6 Mar	- 8.0 Mar	+ 0.5 1998†	89.5 Apr	96.1
India	+ 5.0 1997‡	+ 2.5 Mar	+ 8.9 Mar	- 8.0 Mar	- 8.0 Q3	30.2 Mar	26.3
Indonesia	-10.3 Q1	-14.2 Q4	+ 38.0 Apr	+21.2 Feb	+ 3.0 Q3	23.8 Jan	18.1
Malaysia	- 8.1 Q4	+ 3.9 Feb	+ 2.9 Apr	+17.0 Mar	+ 9.4 1998**	27.2 Jan	19.7
Philippines	- 1.9 Q4	- 8.3 Feb	+ 8.0 Apr	+ 1.6 Mar	+ 1.3 Q4	9.2 Dec	7.3
Singapore	+ 1.2 Q1	+ 6.2 Mar	- 0.6 Mar	+ 8.5 Mar	+17.6 Q4	72.1 Feb	73.9
South Korea	+ 4.6 Q1	+18.4 Mar	+ 0.4 Apr	+33.9 Apr	+36.1 Mar	59.3 Apr	35.5
Taiwan	+ 3.7 Q4	+ 7.9 Mar	- 0.1 Apr	+ 9.4 Apr	+ 3.8 Q4	95.1 Apr	84.0
Thailand	- 8.0 1998**	+ 5.8 Mar	+ 0.4 Apr	+11.1 Mar	+14.2 Q4	29.2 Mar	26.9
Argentina	- 0.5 Q4	-11.7 Mar	- 0.7 Apr	- 4.8 Mar	-14.7 Q4	24.4 Mar	21.1
Brazil	- 1.9 Q4	- 5.1 Feb	+ 3.9 Apr	- 5.5 Apr	-34.2 Q1	33.5 Mar	67.2
Chile	- 2.8 Q4	- 6.2 Feb	+ 4.0 Apr	- 1.3 Mar	- 4.5 Q4	15.7 Apr	16.9
Colombia	- 3.1 Q4	-18.0 Jan	+ 11.2 Apr	- 2.6 Jan	- 7.0 1998**	8.2 Feb	9.0
Mexico	+ 2.6 Q4	+ 1.7 Mar	+ 18.2 Apr	- 7.1 Mar	-15.8 Q4	31.3 Mar	30.1
Venezuela	- 8.2 Q4	na	+ 24.9 Apr	+ 3.7 Nov	- 0.5 Q3	10.5 Mar	12.6
Egypt	+ 5.7 1998§	+ 8.0 1998	+ 3.8 Mar	-12.3 Q4	- 2.6 Q4	18.0 Jan	18.8
Greece	+ 3.5 1998	+ 4.9 Feb	+ 2.8 Apr	-17.4 Aug	- 3.4 Oct	20.7 Feb	14.3
Israel	+ 1.6 Q1	- 1.1 Feb	+ 5.9 Apr	- 6.6 Apr	- 2.3 Q4	22.1 Mar	21.6
South Africa	- 0.5 Q4	- 1.9 Mar	+ 7.7 Apr	+ 1.1 Mar	- 2.3 Q4	4.3 Mar	5.5
Turkey	+ 0.7 Q4	- 7.6 Mar	+ 63.9 Apr	-18.3 Feb	+ 2.7 Dec	20.3 Feb	19.5
Czech Republic	- 4.1 Q4	- 8.0 Mar	+ 2.5 Apr	- 2.5 Mar	- 1.0 Q4	11.9 Apr	11.1
Hungary	+ 5.2 Q4	+ 9.3 Mar	+ 9.4 Apr	- 2.3 Mar	- 2.5 Mar	8.7 Apr	10.1
Poland	+ 2.9 Q4	+ 0.3 Apr	+ 6.3 Apr	-13.2 Mar	- 6.8 Mar	25.7 Mar	22.8
Russia	- 4.6 1998	- 4.1 Apr	+112.9 Apr	+17.8 Feb	- 5.4 Q3	6.7 Mar	11.9

*Excluding gold, except Singapore, IMF definition. †Visible and invisible trade balance. ‡Year beginning April 1st. §Year ending June. **Estimate.

FINANCIAL MARKETS Moscow rebounded by 20.7% after Russia's parliament failed to impeach Boris Yeltsin. Cheerier economic news pushed Kuala Lumpur up by 7.1%, to a 19-month high. Buenos Aires fell by 3.2% on May 19th (and by 1.9% over the week) on rumours of a possible peso devaluation.

	Currency units per $		Currency units per £	Interest rates short-term	Stockmarkets	% change on		
	May 19th	year ago	May 19th	% p.a.	May 19th	one week	Dec 31st 1998 in local currency	Dec 31st 1998 in $ terms
China	8.28	8.28	13.4	8.82	1,178.9	+ 0.9	- 3.3	- 3.3
Hong Kong	7.75	7.75	12.5	5.18	12,403.1	- 4.7	+ 23.4	+ 23.3
India	42.7	40.5	69.1	8.37	4,123.6	+ 6.4	+ 35.0	+ 34.2
Indonesia	8,050	11,700	13,027	30.96	593.6	+ 3.0	+ 49.1	+ 47.3
Malaysia	3.80	3.82	6.15	3.46	775.7	+ 7.1	+ 32.3	+ 32.3
Philippines	37.8	38.8	61.2	10.13	2,390.8	- 7.3	+ 21.4	+ 25.0
Singapore	1.72	1.65	2.79	1.64	1,911.5	+ 1.2	+ 37.2	+ 31.5
South Korea	1,200	1,410	1,942	6.26	735.0	- 4.9	+ 30.7	+ 31.0
Taiwan	32.8	33.7	53.1	5.20	7,614.6	+ 2.2	+ 18.6	+ 16.5
Thailand	37.2	39.4	60.2	5.25	483.5	- 0.6	+ 35.9	+ 32.8
Argentina	1.00	1.00	1.62	5.95	527.9	- 1.9	+ 22.8	+ 22.7
Brazil	1.66	1.15	2.69	33.92	12,186.0	+ 1.0	+ 79.6	+ 30.4
Chile	486	454	787	10.69*	4,621.9	- 0.5	+ 28.6	+ 25.1
Colombia	1,640	1,391	2,654	23.10	1,205.8	- 0.9	+ 8.7	+ 2.6
Mexico	9.28	8.61	15.0	19.99	5,731.2	- 2.5	+ 44.7	+ 54.2
Venezuela	597	535	966	19.63	5,957.0	- 5.5	+ 24.4	+ 17.7
Egypt	3.41	3.42	5.52	8.84	10,121.4	- 0.2	+ 10.7	+ 10.6
Greece	305	306	493	10.01	4,109.1	+ 0.5	+ 50.1	+ 37.9
Israel	4.09	3.64	6.62	9.95	398.6	+ 0.4	+ 32.9	+ 35.2
South Africa	6.20	5.10	10.0	13.75	6,645.4	- 2.2	+ 22.4	+ 16.2
Turkey	397,840	254,205	643,824	80.00	5,703.1‡	+ 4.5	+ 119.5	+ 74.0
Czech Republic	35.4	32.5	57.3	7.00	485.7	+ 8.4	+ 23.2	+ 4.4
Hungary	234	211	379	15.20	6,464.4	+ 0.3	+ 2.5	- 5.9
Poland	3.92	3.44	6.35	13.80	15,677.3	+ 2.2	+ 22.5	+ 9.7
Russia	24.9	6.00	40.3	60.00	98.2†	+20.7	+ 92.8	+ 66.7

*Inflation-adjusted. †In dollar terms. ‡ May 18th.

Sources: National statistics offices, central banks and stock exchanges; Datastream/ICV; EIU; Reuters; Warburg Dillon Read; J.P Morgan; Hong Kong Monetary Authority; Centre for Monitoring Indian Economy; FIEL; EFG-Hermes; Bank Leumi Le-Israel; Standard Bank Group; Akbank; Bank Ekspres; Deutsche Bank; *Russian Economic Trends*.

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FINANCIAL INDICATORS

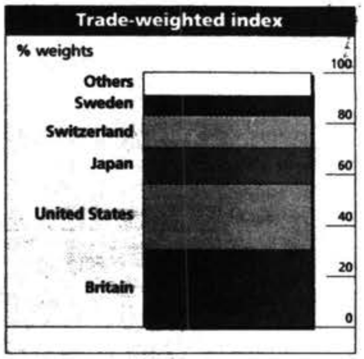
MONEY AND INTEREST RATES A jump in American inflation pushed Treasury bonds sharply down. Thirty-year yields hit 5.92% on May 14th, their highest since last May. But the market rallied after the Federal Reserve left American interest rates unchanged on May 18th.

	Money supply* % rise on year ago narrow	broad	Interest rates % p.a. (May 19th 1999) overnight	3-mth money market latest	year ago	banks prime	2-year gov't bonds	10-year gov't latest†	year ago	corporate bonds
Australia	+9.3	+8.3 Mar	4.75	4.90	4.98	8.75	5.14	5.92	5.63	6.29
Britain	+5.6	+7.0 Mar	4.89	5.25	7.45	6.25	5.10	4.98	5.88	5.60
Canada	+7.2	+1.9 Mar	4.50	4.44	4.71	6.25	4.97	5.38	5.35	6.33
Denmark	na	+5.5 Mar	2.85	3.10	4.55	5.75	3.27	4.48	5.15	6.97
Japan	+8.1	+3.7 Mar	0.01	0.03	0.47	1.50	0.26	1.30	1.57	0.57
Sweden	+7.6	+6.8 Apr	2.90	2.89	4.55	3.47	3.31	4.52	5.12	4.19
Switzerland	+9.2	+0.6 Apr	0.98	1.04	1.69	3.00	1.47	2.51	3.09	3.03
United States	+2.4	+9.0 Apr	4.78	4.81	5.50	7.75	5.31	5.78	5.62	7.16
Euro-11	+12.0	+5.1 Feb	2.59	2.59	4.04	4.15	2.76	4.06	na	3.56

†France 4.18%, Germany 4.06%, Italy 4.37%. Benchmarks: Japan No.211 1.33%, US 30-year 5.81%.

*Narrow: M1 except Britain M0, broad: M2 or M3 except Britain M4. Sources: Commerzbank, Den Danske, J.P. Morgan, Royal Bank of Canada, Svenska Handelsbanken, Warburg Dillon Read, WEFA Group, Westpac, Datastream/ICV. Rates cannot be construed as banks' offers.

THE EURO Europe's new currency has had a weaker start than many expected. The euro is down by 8.9% against the dollar since its launch at the beginning of the year. But it has not fallen as far against the currencies of the euro area's other major trading partners, such as sterling, the yen and the Swiss franc; so its trade-weighted value has declined by only 5.4% since January 1st. In calculating the euro's trade-weighted exchange rate, the Bank of England assigns a weight of 30.4% to sterling, 25.6% to the dollar, 14.4% to the yen, 12.6% to the Swiss franc, 7.8% to the Swedish krona and 9.2% to other currencies.



Sources: Datastream/ICV; Bank of England

STOCKMARKETS The Dow Jones Industrial Average hit a new high on May 13th before retreating on worse-than-expected inflation figures. Fears that the Fed may soon raise interest rates also pushed other stockmarkets down. Tokyo's Nikkei average fell by 4.8% over the week.

Market indices	May 19th	1999 high	1999 low	% change on one week	one year	record high	Dec 31st 1998 in local currency	Dec 31st 1998 in $ terms
Australia (All Ordinaries)	2,981.2	3,145.2	2,804.8	- 1.1	+ 9.5	- 5.2	+ 6.0	+14.6
Austria (ATX)	1,236.3	1,326.3	1,011.3	+ 0.1	-22.5	-24.1	+10.3	+ 0.1
Belgium (Bel 20)	3,154.4	3,681.9	3,097.1	- 1.8	- 0.8	-14.3	-10.2	-18.6
Britain (FTSE 100)	6,266.7	6,598.8	5,770.2	- 1.2	+ 6.1	- 5.0	+ 6.5	+ 3.6
Canada (Toronto Composite)	7,014.4	7,101.1	6,180.3	+ 0.2	- 8.8	-10.3	+ 8.1	+13.2
Denmark (Copenhagen SE)	629.7	653.9	565.5	+ 0.3	-14.7	-19.1	- 1.2	- 9.9
France (SBF 250)	2,797.3	2,823.2	2,500.0	+ 0.6	+ 7.1	- 0.9	+11.9	+ 1.5
Germany (DAX)	5,181.5	5,443.6	4,678.7	- 1.3	- 6.0	-16.0	+ 3.6	- 6.0
Italy (BCI)	1,514.1	1,598.8	1,396.6	- 1.4	+ 0.6	- 8.5	+ 1.8	- 7.6
Japan (Nikkei 225)	16,128.2	17,300.6	13,232.7	- 4.8	+ 3.0	-58.6	+16.5	+ 5.5
(Topix)	1,300.6	1,381.1	1,048.3	- 4.4	+ 6.1	-54.9	+19.7	+ 8.4
Netherlands (EOE)*	558.0	583.7	507.3	+ 0.2	+ 3.0	- 6.5	+ 3.6	- 5.9
Spain (Madrid SE)	901.3	931.6	827.8	- 0.1	+ 2.3	- 4.9	+ 3.9	- 5.7
Sweden (Affarsvarlden Gen)	3,742.4	3,748.0	3,268.4	+ 1.2	+ 0.8	- 5.4	+12.9	+ 8.3
Switzerland (Swiss Market)	7,034.9	7,668.8	6,891.2	- 1.8	- 6.1	-16.4	- 1.8	-10.2
United States (DJIA)	10,887.4	11,107.2	9,120.7	- 1.0	+18.7	- 2.0	+18.6	+18.6
(S&P 500)	1,344.2	1,367.6	1,212.2	- 1.4	+20.1	- 1.7	+ 9.4	+ 9.4
Europe (FTSE Eurotop 300)*	1,284.5	1,331.7	1,164.9	- 0.8	+ 4.8	- 3.5	+ 8.6	- 1.4
Euro-11 (FTSE Ebloc 100)*	1,059.4	1,089.2	971.5	- 0.6	+ 3.0	- 6.2	+ 6.1	- 3.7
World (MSCI)†	1,217.5	1,252.1	1,123.5	- 1.4	+12.5	- 2.8	na	+ 5.9
World bond market (Salomon)‡	433.9	459.8	430.8	- 0.7	+ 6.7	- 5.7	na	- 5.0

*In euro terms. †Morgan Stanley Capital International index includes individual markets listed above plus eight others, in dollar terms.
‡Salomon Brothers World Government Bond Index, total return, in dollar terms. **Provisional.

TRADE, EXCHANGE RATES AND BUDGETS Pessimism about Japan's recession sent the yen's trade-weighted value down by 2.9% in the week to May 19th; the dollar rose by 1.2%. Japan's visible-trade surplus rose to $125.7 billion in the year to March; its current-account surplus shrank slightly to $118.8 billion. Germany's current-account deficit widened to $6.8 billion in the year to March.

	Trade balance*, $bn latest month	latest 12 months	Current account $bn latest 12 mths	The Economist poll % of GDP, forecast 1999	2000	Exchange rate trade-weighted† May 19th	year ago	Currency units per $ May 19th	year ago	per £	per DM	per euro	Budget balance % of GDP 1998‡
Australia	- 0.88 Mar	- 6.3	- 17.9 Q4	-5.5	-4.7	86.5	83.3	1.51	1.60	2.44	0.82	1.61	0.5
Austria	- 0.86 Jan§	- 6.4	- 3.7 Feb	-1.9	-1.8	102.5	103.3	12.9	12.5	20.89	7.03	13.76	-2.1
Belgium	+ 1.71 Jan§	+ 14.5	+ 12.2 Dec	4.7	4.7	101.8	102.8	37.9	36.5	61.27	20.63	40.34	-1.3
Britain	- 4.26 Feb	- 38.5	+ 2.5 Q4	-0.9	-1.1	104.5	103.0	0.62	0.61	-	0.34	0.66	0.4
Canada	+ 1.74 Feb	+ 14.8	- 12.4 Q4	-1.6	-1.1	80.5	81.6	1.47	1.45	2.37	0.80	1.56	1.3
Denmark	+ 0.25 Feb	+ 2.1	- 1.3 Feb	-0.6	-0.3	105.0	105.2	6.98	6.75	11.29	3.80	7.43	1.0
France	+ 1.94 Mar	+ 25.0	+ 40.1 Feb	2.4	2.2	105.0	106.2	6.16	5.94	9.96	3.35	6.56	-2.9
Germany	+ 6.20 Mar	+ 75.8	- 6.8 Mar	-0.5	-0.5	102.8	104.4	1.84	1.77	2.97	-	1.96	-2.0
Italy	+ 1.41 Jan	+ 27.4	+ 28.0 Feb	2.0	2.1	74.9	76.1	1,817	1,745	2,941	990	1,936	-2.7
Japan	+10.73 Mar	+125.7	+118.8 Mar	3.3	3.4	125.6	113.5	125	136	202	67.84	133	-6.0
Netherlands	+ 1.68 Jan§	+ 14.8	+ 21.4 Q3	5.0	4.8	101.1	102.2	2.07	1.99	3.35	1.13	2.20	-0.7
Spain	- 2.10 Feb	- 25.2	+ 3.0 Feb	-0.7	-1.0	76.2	77.1	156	150	253	85.07	166	-1.8
Sweden	+ 1.55 Mar	+ 17.1	+ 4.5 Mar	1.9	1.8	80.9	86.7	8.45	7.72	13.67	4.60	9.00	1.9
Switzerland	- 0.15 Feb	- 0.9	+ 21.4 Q4	7.2	7.1	106.6	105.9	1.50	1.48	2.43	0.82	1.60	na
United States	-26.15 Feb	-262.2	-233.4 Q4	-3.3	-3.4	109.5	110.6	-	-	1.62	0.54	1.07	1.7
Euro-11	+ 0.81 Jan	+ 92.8	+ 75.0 Q4	1.3	1.1	87.9	91.2	0.94	0.90	1.52	0.51	-	-2.1

*Australia, Britain, France, Canada, Japan and United States imports fob, exports fob. All others cif/fob. †1990=100, Bank of England. ‡OECD estimate.
§Not seasonally adjusted. **New series.

 6·7·99 Bruce – may be time to go back to S Central LA – RR

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The urban scene

Rebranding South Central

LOS ANGELES

IT IS hard to think of a less promising candidate for "rebranding" than South Central Los Angeles. This part of the city not only produced, in 1992, some of the worst riots in modern American history, which killed 58 people, injured more than 2,000 and caused $1 billion-worth of damage. It is also the stomping-ground of gangsta rappers, who rhapsodise about killing cops, and gang-bangers, who believe in the death penalty for sartorial errors. But one of the area's most important organisations, WATTS Health Systems (see box), thinks that rebranding is indeed the way forward.

The company is therefore trying to take the menacing "central" out of the area's name, on the ground that it immediately summons up images of mayhem. It is also, more convincingly, drawing attention to the area's assets: the $10 billion a year that its inhabitants have to spend; the 27,000 local manufacturing businesses; the fact that, alone in the city, house prices here have been rising relentlessly for the past decade.

The company points out that South LA includes pockets of wealth such as Baldwin Hills, a stretch of Beverly-Hills sized mansions, and a dazzling variety of cultures. The signs of the great Latino influx can be seen in the proliferation of taco stands and the feverish conversion of abandoned shops into Pentecostal churches. But plenty of other groups have left their mark: behind one stretch of Crenshaw Boulevard all the gardens are planted with bonsai trees, the work of a colony of Japanese who settled there after internment during the second world war.

The locally based University of Southern California—University of South Central to its rivals—is equally keen on the rebranding effort, for obvious reasons, and is currently spending heavily on upgrading its surroundings. The area near the university is now a thriving tourist spot, with a natural history museum, an African-American museum, and a superb new science centre, which attracted 2m visitors in its first year.

Locals are keen on telling these tourists about the attractions farther south. There are mega-churches, such as the West Angeles Church of God in Christ, that put on services for more than 2,000 people. There is the Museum in Black, a museum of racial stereotypes where you can find gollywogs, watermelon candles and a poster for "a dainty morsel", a chocolate bar that advertises its delights with a picture of a black child being devoured by a crocodile. Most extraordinary of all, there are the Watts Towers, three crazy structures built out of bits of discarded glass, tile, shell, chicken wire and bed springs by an Italian immigrant who devoted more than 30 years to the project.

Rebranding seems to need a lot of hot air. But, given that South Los Angeles has long been an enthusiastic practitioner of "the riot ideology"—the belief that the best way to squeeze money out of the white establishment was to exaggerate your deprivation—a little hot air can be forgiven. Talking up your neighbourhood is better than talking—or burning—it down.

Healthy, wealthy and wise

LOS ANGELES

IF SOUTH CENTRAL is far from being a regular ghetto, WATTS Health Systems is far from being a regular poverty-fighting organisation. It is a health-care company that provides a lot more than health care; a conscience-driven organisation that runs itself like a business; and a product of the American inner-city that, in its latest incarnation, owes its inspiration to South Korea. Its chief executive, Clyde Oden (who boasts an MBA as well as a string of medical qualifications), presides over a growing empire that includes a bank, a black business "expo and trade show" and a community centre complete with a credit union, a café and a school.

WATTS Health Systems is a result of America's ambivalent reaction to riots that took place in 1965 in the Watts district of Los Angeles. The government first threw money at Watts, then ignored it. The only way that the orphans of the money-throwing stage could survive was by becoming self-financing. WATTS Health Systems quickly picked up enough business to expand, including contracts to administer Medicare and Medicaid.

The company pioneered all sorts of techniques for bringing health care to the poor, from health maintenance organisations (HMOS) to "medicine on wheels". Its original free clinic has grown into a huge all-purpose medical centre. Its HMO, UHP Healthcare, caters for more than 100,000 people. Its ten mobile vans provide everything from mammograms to x-rays to the housed and the homeless alike.

The company increasingly found that providing health care shaded into fighting poverty. But its decision to expand its job-definition with a vengeance resulted from a trip by Dr Oden and his colleagues to South Korea in August 1992. The trip was meant to cheer up the city's Koreans, who had suffered dreadfully at the hands of black rioters. But while in Seoul the Angelenos came across Kon-Kuk University, which linked health care to a larger programme of urban regeneration.

The Korean example led to a flurry of activity. WATTS Health Systems acquired a controlling interest in a local bank, in order to encourage local home ownership, and purchased the Black Business Expo to nourish entrepreneurialism. It is getting deeply involved in urban regeneration. It is also playing the role of peacemaker between the area's Latinos and its blacks: every year it sponsors a "diversity Christmas parade", for example.

Is there a danger that WATTS Health Systems is biting off more than it can chew? Dr Oden, who has seen the company's annual income grow from $12m to $200m, has agonised over the fact that it is diversifying at a time when sensible businesses are consolidating. But the company's core skill is arguably less its ability to run a clinic than its knowledge of South Los Angeles and its credibility not just with all the diverse groups that live there, but with the businessmen who run the rest of the city.

Blacks and Koreans can get along

T. Blinken

Günter Verheugen, ever up-and-coming

FOR the best part of 30 years, Günter Verheugen has been a coming man in German politics. No wonder if, at 55, he reckons it is about time he really arrived. Not that being minister of state at the foreign ministry, a job with cabinet rank, is a negligible achievement. But higher and, incidentally, more lucrative tasks may beckon: becoming one of Germany's two European commissioners in Brussels, for instance; or even, against daunting competition, being anointed as the European Union's first "high representative" for foreign and security policy (Monsieur PESC, as the French acronym, popular on English-speaking lips, has it; Herr GASP in German, no less appropriately for English-speakers). The trouble is, higher things have beckoned Mr Verheugen often before, only to dissolve as he edged towards them. Will he be lucky this time?

He might well have taken charge at the defence ministry when the Social Democratic-Green government came to power last October, but was then unexpectedly pipped at the post by Rudolf Scharping. Four years earlier he had been mentioned as a likely foreign minister had the reds and Greens won the 1994 general election against Helmut Kohl's centre-right coalition. They did not. Arguably, if Mr Verheugen had been a touch more of a ruthless careerist, he would have succeeded his former mentor, Hans-Dietrich Genscher, as foreign minister when Mr Genscher resigned in 1992. But the two had split a decade earlier when Mr Genscher led the Free Democrats, Germany's liberals, into coalition with Mr Kohl, bringing down the Social Democratic chancellor, Helmut Schmidt. Mr Verheugen, a long-standing liberal but also a fan of Mr Schmidt's, promptly stomped out of the Free Democrats and into what turned out to be 16 years of opposition as a Social Democrat.

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Into exile might be a better term. From being a big wheel in the Free Democratic machine (he had been an aide to Mr Genscher at the foreign ministry and the party's general secretary while still in his 30s), he slipped into back-bench obscurity, trying to carve out a niche as an expert on Africa. To his old party he was a turncoat, to his new one something of a foreign body: a banker's son, rather too obviously convinced that he knew best, and inclined to irritate less brainy comrades with such habits as quoting Rilke in French. Hence the snide charges that "Günter is a cold fish" (odd to those who have seen him in private, turning red with fury over such things as apartheid in South Africa and ethnic cleansing in Kosovo) and that "Günter would have stayed a liberal if Genscher had offered him a better job." Despite his less than ecstatic welcome into the bigger party, the new boy managed to clamber as high up its ladder as he had up the Free Democrats' one, only to plummet once more when his main ally, Mr Scharping, lost the 1994 election and later his job as party chairman.

For a time, Mr Verheugen considered abandoning politics. But during last year's election campaign there he was, once again near the top, acting as an indispensable foreign-policy adviser and trouble-shooter to the chancellor-to-be, Gerhard Schröder. Even without a ministerial job (coalition arithmetic ordained that the Foreign Office went to the Greens' star, Joschka Fischer), his influence remains huge. As the ministry's "Mr Europe", he was in any event bound to be at the centre of things during Germany's current six-month presidency of the European Union.

But his office also seems constantly besieged by long-time contacts from much farther afield. Not least, he is an old pal of Mr Schröder's main foreign-policy guru, Michael Steiner, which helps make relations between the foreign ministry and the chancellery less fraught than they were. Even if Mr Verheugen goes no further, he remains a man to watch—or rather listen to. Longer than most in the foreign-policy game, these days he occasionally lets slip phrases he would not quite have used a decade or so ago; nothing drastic, mark you, but hints of a shift in the way a united Germany sees its place in the world.

France and Germany, he avers, "should not expect too much of one another". Does that mean the bilateral relationship, cherished since the days of Adenauer and de Gaulle, is no longer special? No it does not—but the relationship is, well, rather less special than it used to be. And are ties with Britain rather better? For sure, Germany has not been pressing Britain as hard as it might have done to renounce its EU budget rebate, because it does not want to make life harder for Tony Blair at home, as he edges Britain closer to membership of Europe's single currency. And the Germans badly want the British aboard the euro-ship, in part as counter-ballast to the French.

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Problems that will soon pass? Maybe. But it is surely no coincidence that Mr Verheugen is pressing more strongly than ever these days for the creation of a European force strong enough to intervene in crises where the Americans do not wish to be involved. That will not happen tomorrow, he agrees, but it has to come some time and, when it does, the Germans will be playing a full part. Is this the view of a future European bigwig or just the theorising of a gifted strategist who never quite makes it to the top? If, in the next week or so, Mr Verheugen does take off, Germany's global role may become even more worth pondering.

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Sandy - Fyi
Bc

6-7-99

Montenegro

Powderkeg

MILO DJUKANOVIC, the western-leaning president of Montenegro, Serbia's awkward junior partner in the Yugoslav federation, is growing in confidence that he can outlast his one-time mentor, and now arch-rival, Slobodan Milosevic. In reality, Mr Djukanovic is sharing power in his small, mountainous republic of just 650,000 people with the Yugoslav army, which is largely loyal to Mr Milosevic.

The army controls Montenegro's borders with Albania and Croatia. It does allow Mr Djukanovic to drive up the Adriatic coast to the Croatian port of Dubrovnik, whence he can then fly to western capitals, even though he has been branded a traitor by the official Serbian press. But he cannot stop military police rounding up people under his nose. And the Yugoslav (essentially Serb) army is still calling up reservists within Montenegro, who could yet be used to mount a coup against him.

Mr Djukanovic still has some room for manoeuvre. He is beefing up his police as a counterweight to the army. In any event, Mr Milosevic, who wanted to oust the Montenegrin leader as soon as NATO began its bombing campaign, may have held back when he heard that quite a few middle-ranking Montenegrin officers in the army would stick with Mr Djukanovic. And then Mr Milosevic's loyalists dropped a plan to grab the television station, which has for the most part backed Mr Djukanovic.

Now Montenegro's president, who met Britain's prime minister, Tony Blair, in London on May 25th, has won promises of western protection. Britain's foreign secretary, Robin Cook, said he had given a "clear guarantee" of support. But Mr Djukanovic says he fears that the West will give up on Montenegro, and on the Balkans in general, once the war is over. Even before NATO's bombing began, Montenegro was wilting under a burden of high unemployment and a privatisation programme marred by corruption. People in high places control smuggling (of cigarettes, weapons and people), long an economic lifeline for the country.

But now even Mr Djukanovic's enemies in Podgorica, the capital, who say that their youthful president is much less of a reformer than his western friends assert, admit that his popularity is rising again, after a dip induced by the first two weeks of bombing Montenegro's military and naval installations. "People believe he has saved Montenegro from disaster," says a local journalist. "Every night, they watch television pictures of Serbia burning, a destroyed Kosovo—and they just think of their own homes."

Yet people are ambivalent, too. Many still view NATO as the enemy, and are suspicious of the president's trips to western capitals. As a general election a year ago showed, the country is thoroughly divided. Old-style communists, the many people who have no work, and supporters of the previous president, Momir Bulatovic, now prime minister of the federal Yugoslav government that Mr Djukanovic refuses to recognise, all tend to back Mr Milosevic, who hates his Montenegrin rival and longs to oust him.

If Mr Milosevic survives the war, a federal Yugoslavia is unlikely to hold together, especially if Mr Djukanovic keeps his job. He would demand a loose confederation, at most. And if the Serbs are defeated, and Mr Milosevic falls, Montenegro could break away. But until then, Mr Djukanovic will struggle to stay on top. He is on a powderkeg.

They want Montenegro out of Yugoslavia

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Podesta

NATO and Bulgaria

Brave gamble

SOFIA

UNLIKE several of its neighbours, Bulgaria has been surprisingly unshy about backing NATO in the war for Kosovo. Ivan Kostov, its centre-right prime minister, has let NATO aircraft fly through a large part of Bulgaria's airspace. Turkish F-16 fighters, which Greece has refused to allow over the Aegean, can fly across Bulgaria to attack targets in Yugoslavia from the east. This, say NATO's planners, weakens Serbia's air defences, prepared as they are to repel attacks from across the Adriatic to the west.

Yet Bulgaria may be playing a more dangerous game than other Balkan states. It has been almost literally caught in the crossfire. Its capital, Sofia, is less than 50 kilometres (30 miles) from Bulgaria's border with Serbia, and within range of Serbian anti-aircraft guns. At least half-a-dozen NATO missiles that were meant to hit Serbian air defences have strayed off course into in Bulgaria—one hitting a house in a Sofia suburb.

The war is just as unpopular in Bulgaria as it is in Macedonia and Greece, which both, however, refuse to let the alliance use their airspace for combat missions. The Greeks and Macedonians are also firmly against letting NATO troops move through their territory to attack the Serbs. Over 90% of Bulgarians, say pollsters, are against the war. Moreover, the number of those who want Bulgaria to join NATO is down, from 60% before the war to barely half now.

Bulgaria's feelings for Serbia, however,

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Bulgaria's feelings for Serbia, however, TO VP Fyi – BC

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SOUTH AFRICA'S NEW PRESIDENT

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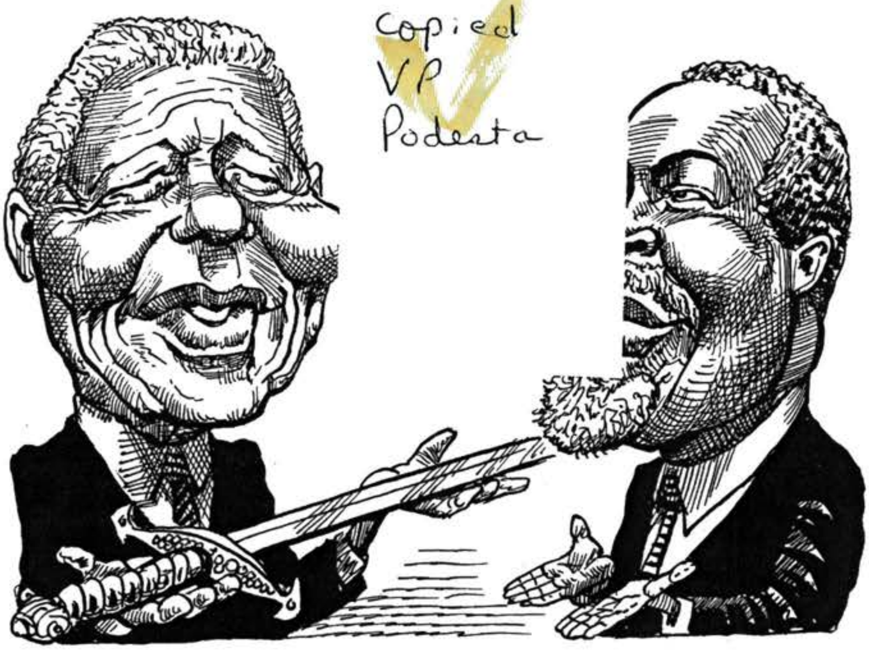


Mandela's heir

JOHANNESBURG

Thabo Mbeki is about to become South Africa's next president. Will he be a good one?

"I HAVE, in a small way, done my duty to my country and my people." Thus Nelson Mandela, on the cusp of retirement, summed up his achievements. Such preposterous modesty underlines the difficulty his successor, Thabo Mbeki, will have in filling those august shoes.

Not so long ago, South Africa was a pariah among nations, its future seemingly grim. The white minority government enforced a hateful doctrine of racial separation with stun-batons and armoured cars. Among those who argued for its violent overthrow, some called for "one settler, one bullet". The official line of the main liberation movement, the African National Congress (ANC), was much less fierce, but hardly uplifting: in economics it seemed to offer mainly socialist stagnation. Many onlookers saw civil war as inevitable, followed by incompetent and intolerant black rule.

The story, as is now well known, has turned out very differently, thanks in large part to Mr Mandela. It was Mr Mandela's 27 years as a political prisoner that gave him the moral authority to make his fellow black South Africans heed his call to make peace with their former oppressors. In 1994, four years after his release from jail, South Africa's first all-race elections were held in an atmosphere of relative tranquillity, despite predictions of a bloodbath. The apartheid government willingly surrendered power to Mr Mandela's party, the ANC. The expected uprisings by white racists or Zulu nationalists never materialised. In government, Mr Mandela preached reconciliation, and supervised the drafting of the most liberal constitution in Africa. Any successor would find it hard to follow such an act. How will Mr Mbeki cope?

Although he has never acquired Mr Mandela's saintly aura, and never will, Mr Mbeki also suffered for the cause. Born in 1942 in rural Transkei, he grew up in a mud hut with barely enough money for trousers. His father, a prominent communist, was imprisoned for 30 years. His only son, born when Mr Mbeki was a teenager, and his youngest brother both disappeared during the apartheid years, and are presumed killed. He himself spent almost 30 years in exile. The liberation struggle deprived him of any semblance of family life.

An outstanding student, Mr Mbeki's leadership potential was spotted before he reached adulthood. When he was 20, senior members of the ANC had him smuggled out of South Africa, pretending that he was part of a touring soccer team, and arranged for him to study economics at Sussex University in England. At 23, he made his first big speech, to the United Nations' anti-apartheid committee. He rose through the ANC's Youth League into the movement proper, and held a variety of posts in exile in Britain, Zambia and elsewhere. He played a leading role in the first, secret negotiations between unofficial representatives of the apartheid government and the ANC. His pipe-smoking, his ability to quote Yeats, and his urbane, rational manner helped reassure emissaries from the ruling National Party that they were not dealing with the bloodthirsty savages of their own propaganda.

After the ANC took power, Mr Mbeki used his considerable political skill to see off a better-known contemporary, Cyril Ramaphosa, a top ANC negotiator and former trade-union boss. He thus clinched the deputy presidency and became Mr Mandela's political heir. No one doubts Mr Mbeki's intellect. But most South Africans are unsure what to expect from an Mbeki presidency. Some find his speeches entrancing, but few, wading through his long Latinate sentences, can work out exactly what he stands for. To make a guess, it may help to look at his record in government so far.

If Mr Mandela is past master at sweeping visions—the rainbow nation, for example—Mr Mbeki is more a details man, a manager. As Mr Mandela has grown older and wearier (he is 80), he has left much of the day-to-day running of government to his deputy. Some say that Mr Mbeki took charge faster than Mr Mandela would have wished. Be that as it may, it is reasonable to see Mr Mbeki's hand in much of what the ANC has done, particularly in the past two years.

A better place to live

The ANC has had some resounding successes. Far from disintegrating into civil war, South Africa has been politically stable since it took over. The number of political killings has dropped sharply, from about 2,500 in 1994 to fewer than 500 in 1997. A few Muslim fanatics terrorise the Western Cape with pipe-bombs, and local politics in KwaZulu-Natal is still bloody, but there is practically no risk of a coup or a major revolt.

South Africa used to have one of the most unjust sets of laws on earth; now its laws are among the most liberal. At the height of apartheid, most South Africans were denied the right to travel or live where they chose, to undertake desirable jobs, or to vote. Interracial marriage was banned, as were countless books. The police were given almost boundless authority to harass and intimidate non-whites. Many of the most odious laws were repealed in the 1980s or the early 1990s by the National Party. The ANC took the liberalisation further, enshrining in a new constitution the right to freedom from discrimination on grounds of race, sex, sexual orientation or disability. Under the ANC, an atmosphere of permissiveness prevails: gay bars and risqué art flourish as nowhere else in Africa.

An honest attempt has been made to improve the lives of ordinary South Africans, particularly those who were barred from doing much for themselves under the old regime. Some 3m people have been given access to running water. Thanks to subsidies, 500,000 poor families now own houses built of bricks and mortar. Basic medical care is now free for pregnant women and children under six. To fight malnutrition, the government hands out free peanut-butter sandwiches in primary schools.

All this has been achieved without the kind of fiscal profligacy that has ruined so many other African countries. Mr Mbeki is thought to have been the driving force behind the growth, employment and redistribution plan, a document that commits South Africa to a gradual reduction of the budget deficit, to privatisation and to a streamlining of the bureaucracy. Coupled with a cautious, anti-inflationary stance by the central bank, these policies have done much to reassure investors, both domestic and foreign, that putting money into South Africa is not absurdly risky, though foreign direct investment is still disappointingly low. Since 1994, economic expansion has kept pace with population growth—albeit only just. As emerging-market turmoil recedes, it should, with luck, improve.

But the perils are great

Yet, despite these achievements, the government has flunked some of its biggest tests. Much energy has been wasted fussing over trivia: holding the annual conference of the non-aligned movement there last year, meddling with the selection of the national cricket team, trying to ban smoking in public places. The list goes on and on. But four huge problems facing South Africa—AIDS, unemployment, crime and education—have not received the attention they deserve.

AIDS will probably kill thousands of times more South Africans than apartheid ever did. Efforts at education and prevention have been lamentable, an omission for which the ANC has no excuse. It had at least ten years' warning: AIDS arrived late in South Africa. In 1990, fewer than 1% of pregnant South African women tested positive for HIV, the virus that causes AIDS. The evidence from countries farther north was that the epidemic, if not checked, would kill millions. Uganda, with only a fraction of South Africa's resources, showed that the spread of AIDS could be reversed if the country's leader mentioned it in every speech, and if schools, health-workers and charities united to teach young people how to say no to unprotected sex.

South Africa did not follow this example. Mr Mbeki did not make a significant speech on AIDS until last December. Even then, it was wooden; and he seemed to shy away from the HIV-positive children who shared his podium. Nkosazana Zuma, the health minister, who is close to Mr Mbeki, has contributed to the battle against the disease by sponsoring a costly flop of an anti-AIDS musical, by backing a toxic "cure" for AIDS called Virodene, and by purging South Africa's drug-control agency when it protested. Last year, 22.8% of pregnant women were found to be infected. The disease could kill up to a third of the population, hitting hardest those in the prime of their productive years and leaving millions of orphans destitute. It may be the most tragic thing to have happened to South Africa in recorded history. Yet the government seems only dimly aware of the threat.

Poverty accelerates the spread of AIDS, and unemployment is the chief cause of poverty in South Africa. Roughly a third of the workforce has no job. Among unskilled rural black women, the figure is 70%. The formal sector has shed 500,000 jobs since 1994; the ranks of those who want to work swell by 1,000 each day. Because the unions played such a large role in the struggle against apartheid, and are now the ANC's partner in government, the demands of those who already have a job tend to be given precedence over the needs of those who would like one. Rather than deregulating the labour market to make it easier for firms to employ more people, the ANC has passed labour laws that make it expensive to hire and almost impossible to fire. There are rumours that these laws will be eased a little after the election. But since they will certainly not be scrapped, nobody expects much improvement in the foreseeable future.

Those with no other means of earning a living sometimes turn to crime. With guns easily available and a tradition of violent civil disobedience that dates back to the days when Mr Mbeki, from exile, called for the townships to be made "ungovernable", one would expect South Africa to be a bit rough. But the savagery of the crime wave goes well beyond that. One South African woman in three loses her virginity to a rapist. The average South African is eight times more likely to be murdered than is the average American. One policeman is killed, on average, each day: 1,400 have died since the ANC came to power. The newspapers brim with atrocities: the boy who kept his grandmother manacled inside a metal drum for months so that he could draw her meagre pension; the men who rape children in the belief that sex with a virgin will cure them of AIDS.

The public response is that brutality should be met with brutality. The rich surround themselves with razor-wire and private security guards (who outnumber uniformed policemen three to one). The poor resort to vigilantism. The front page of the *Sunday World*, a black newspaper, recently showed a photograph of a dead man sitting in a lavatory cubicle, his brains smeared on the wall. The caption explained that he was a thief (of mobile phones) who had shot himself rather than face the lynch mob outside.

The government's response has been uninspired. The police are badly managed and have a poor record of detective work. Those who succeed in reducing violent crime have their pay docked, on the ground that their job is no longer so dangerous. Prosecutors are demoralised. Only one murderer in six is convicted, and one car-jacker in 50. Mr Mbeki suggests that the problem may be that the police are murdering each other to cover up their own corruption.

With firms desperate to find skilled blacks to meet racial-hiring targets, the rewards for education have never been better. But most schools are a shambles. Many students are disruptive, textbooks scarce. Barely trained teachers find it impossible to implement the government's ambitious national curriculum. One provincial government was recently caught falsifying exam results; teachers sometimes inflate marks because pupils threaten to shoot them if they do not. Only half of the country's high-school students graduate.

A recent study commissioned by the Department of Education found that, in the schools investigated, 90% of schooldays involved no teaching. Instead, teachers attended union or administrative meetings, marked homework, or queued for pay-packets. Even if this presents an exaggerated picture, it suggests something seriously amiss. In his speeches, Mr Mbeki condemns the collapse of the culture of learning: the teachers' unions that strike for implausible pay increases, the students at Venda University who burned down campus offices because the administration would not give them 30 cans of beer each for a party. But, so far, even the worst principals and vice-chancellors have kept their jobs.

The re-racialisation of South Africa?

Most ANC policies are sensible. It is their implementation that is often botched. Privatisation creeps along like a salted slug. Land reform is even slower: a special court has, since 1994, received 63,000 applications for the return of land stolen under apartheid, but only 34 had been processed by the end of February. Some of the party's most trumpeted successes are less than they seem. Half the new houses for the poor have been judged "sub-standard" by the housing ministry. Over half the new water connections no longer work. Last year's military intervention "to restore order" in Lesotho left that country in flames.

Matters may improve, and move faster, under Mr Mbeki's presidency. One of Mr Mandela's many appealing qualities is his loyalty to his friends. The corollary is his occasional inability to spot the flaws in people who did their bit for the liberation struggle. This has led him to be uncritically friendly to despots who once gave money to the cause, such as Cuba's Fidel Castro and Libya's Muammar Qaddafi. Worse, it prevents him from sacking ministers of proven incompetence, such as Alfred Nzo, his foreign minister, Sibusiso Bengu (education) and Stella Sigcau (privatisation).

Mr Mbeki's supporters predict that the new president will be less tolerant of failure. His critics, however, say snidely that Mr Mbeki seems to surround himself with people who do not pose a threat to his leadership. Rivals such as Cyril Ramaphosa, Jay Naidoo (another ex-union boss), and Patrick Lekota (a popular former provincial premier) have been marginalised. Mr Mbeki's inner circle includes such duds as Sydney Mufamadi, the minister who should have kept crime in check, and Ms Zuma, the health minister.

Mr Mbeki has promised that this time the ANC will "deliver". It does not help, however, that top officials are increasingly judged not according to whether their departments provide good public services at low cost, but according to whether they meet racial quotas in hiring and contracting.

When Mr Mandela first came to power, he promised that blacks would be promoted to the most important jobs, but only if suitably qualified. Government and business should work together, he said, to improve education and training so that black South Africans could enjoy the same opportunities as whites. This did not work as fast as was hoped. As the more impatient Mr Mbeki began taking over, "affirmative action" became more aggressive. The government hires blacks and gives contracts to black-owned firms wherever possible, with slight regard to competence. Some within the ANC openly argue that merit should be a secondary consideration. Recent legislation obliges private firms to try to make their workforces representative of the population at all levels, on pain of large fines.

Big business responds to the way the wind is blowing. Just as firms owned by English-speaking white South Africans once wooed the Afrikaner-dominated governments, so today's mainly white-owned conglomerates are stroking South Africa's new black rulers. Every board is now in favour of something called "black empowerment". Often, this has meant the following. White-owned banks lent money to well-connected blacks, with which they bought formerly white businesses. The share prices of these businesses were expected to rise as they won more government contracts, enjoyed better labour relations and marketed their products more successfully to black consumers. From the fat dividends and capital gains, the new black tycoons were expected to repay their loans. In fact, share prices fell. White creditors felt it politically unwise to foreclose, so most "black chip" companies remain in black hands. By this process, a tiny clique of men with top-level ANC contacts have become millionaires. Many investors, however, have lost their money. Almost no new jobs have been created. And capital has been diverted from more productive uses, such as financing smaller black entrepreneurs.

A year ago, Mr Mbeki told parliament that South Africa was "a country of two nations". One nation was "white [and] relatively prosperous", the other "black and poor". This is largely true, and it is the fault of the apartheid governments. Mr Mbeki went on to note with approval how, after unification, west Germans stumped up vast quantities of cash to uplift their eastern compatriots. He contrasted this with the reluctance that white South Africans show when asked to pay taxes to improve black lives.

Doubtless, many white South Africans cheat the taxman, but the analogy is nonetheless flawed. West Germans are much richer than white South Africans, and outnumber east Germans by four to one. Whites make up only 11% of South Africa's population. It is simply not possible for the mass of poor black South Africans to prosper through income transfers from whites. And it will be especially hard for South Africa to make the transition from poverty to affluence if education is neglected, if hard work and merit are not valued, and if the richest black role-models are seen to have succeeded through their connections with the ruling party.

The lack of progress towards racial reconciliation, Mr Mbeki went on to tell his parliamentary audience, "is producing rage among millions of people". Quoting a black American poet, Langston Hughes, he asked: "What happens to a dream deferred?" The poet's answer: "It explodes."

6-7-99

'99 JUN 2 PM 1:57

copied
Rubin
Summers
Podesta

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

June 2, 1999

SECRETARY OF THE TREASURY

O/C - Mon to WH

MEMORANDUM FOR THE PRESIDENT
THE VICE PRESIDENT

FROM: Robert E. Rubin R.E.R.
Lawrence H. Summers LHS

SUBJECT: Update on HIPC Negotiations for the Summit

We are close to an agreement in the G-7 on a debt initiative for the Cologne Summit that closely matches the proposals you outlined for the Heavily Indebted Poorest Countries (HIPCs) earlier this year at the Africa Ministerial. Final agreement may require your personal intervention with the French and Japanese and may also require that you make a commitment at the Summit to seek additional funding from the Congress over the next several years to help meet the costs of an expanded initiative.

This memorandum outlines the key elements of the new initiative and identifies several options for responding to pressure from the other G-7 for a commitment to burden sharing by the United States.

The new initiative would provide deeper debt relief, more quickly, to a broader range of the poorest, highly indebted countries committed to reform. It has three key components:

- *Poverty Reduction:* The new initiative is built around a new framework of policy conditions, anchored in reformed IMF and World Bank programs, that provide for a greater link to poverty reduction, through more investment in health, education and other basic social needs.

- *Deeper Debt Reduction:* The new initiative would provide significantly deeper debt reduction to eligible countries, including through 100 percent cancellation of concessional loans, and deeper reductions in non-concessional loans by governments and loans by the international financial institutions.

  - *We are still negotiating the precise level of relief to be provided, with France and Japan still insisting on very modest reductions, and the UK isolated in favor of a proposal with prohibitive costs.*

- *Faster Relief:* We are close to agreement on a series of proposals that would allow eligible countries to benefit from cash flow relief through earlier reductions in debt service and earlier reductions in the stock of debt outstanding.

A final agreement along the lines we have proposed would more than triple the scale of relief available under the current initiative. Qualifying countries would have their outstanding debt reduced by $40 billion in present value terms (i.e., in terms of 1998 constant dollars), compared with $12.5 billion under the current HIPC initiative. (The comparable nominal amount of debt reduction would be $73 billion, up from $25 billion under the current initiative.) This could result in annual debt service reductions of as much as $3-4 billion from what these countries now owe, freeing substantial additional resources for investments in people.

The costs of this initiative are substantial, particularly to the international financial institutions, but they can be spread over a lengthy period of time.

Our direct bilateral costs are likely to be $250 million total over three to five fiscal years and starting in FY 2001 to reduce $3.5 billion outstanding. Other countries that have not yet forgiven as much concessional and nonconcessional debt, particularly Japan and France, face substantially higher costs.

The costs to the international financial institutions are likely to increase by $7 billion. A large part of that can be financed out of their own resources and also can be spread over a long period of time.

- A Summit agreement on sales of IMF gold, for example, combined with other IMF resources, will take care of a substantial part of the IMF's costs.

- The costs to the World Bank and the regional developments banks cannot be financed entirely out of their own resources, at least not without a substantial, and probably unacceptable reduction in their capacity to provide concessional finance to their poorest members.

We think the best way to help finance these residual costs is through expanding an existing World Bank fund, called the HIPC Trust Fund, that is financed by bilateral contributions that are now devoted to helping to reduce the costs of reducing the debt of the regional development banks. An expanded Trust Fund, with total contributions in the range of $3 billion, would probably be sufficient. The rest of the costs could be met in future replenishments of the concessional lending arms of the multilateral development banks.

We have proposed in your FY2000 budget request an initial contribution of $50 million. We are likely to recommend that we request between $100 million and $200 million per year over the next three to five years.

We have come under some pressure in the Summit process from Japan and France to quantify a specific financial commitment to help meet the increased costs of the initiative as a condition for their agreement to the package. There are several ways we could choose to respond to this pressure.

1. We could refuse to make any commitment until we have greater detail on the likely costs and have maximized available options to finance the initiative with the resources of the international financial institutions. *Since Germany wants a deal at the Summit and is eager to avoid a fight over "burden sharing," it is possible this approach could work, but it is not likely to satisfy the others and could make the discussion in Cologne more contentious.*

2. We could make a general commitment to increase our contributions to an expanded HIPC Trust Fund, but decline to specify the scale of such a commitment until we have greater clarity on the cost front and have satisfied ourselves that we have exhausted the potential to use the resources of the institutions. *This is a reasonable option, and would probably ultimately prove acceptable to the other G-7.*

3. We could call for an expanded HIPC Trust Fund, and rename it the "Millennium Fund," at an initial size of [$2 billion or more], and pledge to pay an appropriate share of the total. *This would put us out in front of the Congress, lead to greater pressure on us to clarify our share, and reduce some of the pressure on the IFIs to explore innovative ways to meet their costs.*

Our inclination is to recommend option two, in which the U.S. would agree to increase our contribution to the HIPC Trust Fund but decline to specify the amount of our support until we have greater clarity on costs and other funding options. We are in the process of preparing a consensus recommendation with your economic and national security teams.

Impact of New HIPC Initiative
(38 countries, excluding Liberia, Somalia, Sudan)

	Current – 250% PV debt/exports; 280% PV debt/revenue w/ qualifying thresholds = 40% exp/ GDP; 20% revenue/GDP	France, Japan 200 / 250 (w/ thresholds = 30/15) + inclusion of ODA	170 / 250 (30/15) + ODA	US, Germany, Canada 150 / 250 (30/15) + ODA	UK 150 / 200 (20/10) + ODA
Number of countries	26	29	31	34	34
Amount forgiven:					
Total debt service	$22 billion	$60 billion	$66 billion	$73 billion	$85 billion
Present value	$12 billion	$33 billion	$36 billion	$40 billion	$47 billion
Avg. annual cash flow savings from **scheduled** debt service	$0.8-1.3 billion	$2.3-3.6 billion	$2.5-4.0 billion	$2.8-4.4 billion	$3.3-5.0 billion
IFI PV costs	$6.2 billion	$9.6 billion	$11.1 billion	$13.3 billion	$16.6 billion
of which: non-IMF	$5.0 billion	$7.9 billion	$9.1 billion	$11.0 billion	$13.7 billion
Countries:	Bolivia Burkina Faso Burundi Cameroon DR Congo (ex-Zaire) Cote d' Ivoire Ethiopia Guinea Guinea-Bissau Guyana Madagascar Malawi Mali Mauritania Mozambique Myanmar (Burma) Nicaragua Niger Rwanda Sao Tome Sierra Leone Tanzania Uganda Zambia	Honduras Senegal Togo	CAR Honduras Laos Senegal Togo	Benin CAR Ghana Honduras Laos Senegal Togo Yemen	Benin CAR Ghana Honduras Laos Senegal Togo Yemen

Treasury/IDD
5/25/9

HONORARY PARTICIPATION REQUEST

Please return to Neal Sharma, Room 97

Today's Date: June 4, 1999

Date of Request:	5/24/99
Request for:	POTUS
Type of Request:	Honorary Co-Chair
Requestor Name:	Mr. Timothy W. Finchem
Title:	Commissioner
Organization:	PGA Tour 112 PGA Tour Boulevard Ponte Vedra Beach, Florida 32082
Contact Tel. #:	
Event Date:	10/16/00
Event Description:	The 2000 Presidents Cup
Notes:	The Presidents Cup golf tournament is an international event showcasing golf's best professional players. It is not a fundraiser and there are no proceeds from the event. Twelve players from the United States comprise one team, and twelve other players will comprise the international team. The head of state from every country represented will be invited to serve as an Honorary Co-Chair. The President agreed to serve as an Honorary Co-Chair in 1994, 1996, and 1998. According to Vernon Jordan, the President has verbally agreed to lend his name this year as honorary co-chair. The President should ACCEPT.
Recommendation:	6-7-99 ✓ SM (Unless otherwise noted, a yes answer will automatically generate a message as well as acceptance of the honorary position).

Comments:

Sean -

FYI

counsel is cc'd on requests the President has agreed to in the past and asked for approval of first time requests

- Neal

cc: Amy Comstock, 136

cc: HERNREICH

6/2

Neal -

For usual vetting.

Sean has already seen.

Need done ASAP.

P will sign response.

Tx

R

THE WHITE HOUSE

WASHINGTON

'99 MAY 25 AM 11:29

FYI -

Nancy

Capricia

Patti

Sean Maloney

John Podesta

Samuel Berger

Glyn Davies

Doug Sosnik

Jen Palmieri

VERNON E. JORDAN, JR.

May 24, 1999

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

Dear Mr. President:

Pursuant to our conversation a fortnight ago, this comes to confirm your agreement to serve as the Honorary Chairman for the 2000 Presidents Cup to be held at the Robert Trent Jones Golf Club, October 16-22, 2000. Tim Finchem, Commissioner of the PGA Tour has already written extending you the formal invitation to serve. I am writing as President of the Robert Trent Jones Golf Club to thank you for so graciously accepting the invitation. The PGA Tour and the Club are excited about the 2000 Presidents Cup and your participation.

As you know, The Presidents Cup is the international match play golf tournament pitting leading U.S. PGA Tour players against prominent international players. In 1998, the tournament was held in Melbourne, Australia.

The position of Honorary Chairman was held by Prime Minister John Howard in 1998, President George Bush in 1996 at RTJGC and President Gerald Ford in 1994 at the inaugural tournament. Your involvement as Honorary Chairman would include:

1. Inviting Heads of State Government from participating countries to attend as your Co-Chairmen;

2. Hosting a gala during the week of the event (typically Wednesday evening). You were very kind to host a dinner in the State Dining Room for the 1994 Presidents Cup.

3. Participation in the Opening (Thursday) and Closing (Sunday) Ceremonies; and

4. Participation in the Official Photograph Session which would likely coincide with the gala.

The staffs of the PGA Tour and the Golf Club stand ready and able to assist you and your staff with whatever you need as Honorary Chairman. George Burger, a member of the Operating Committee of the Club is Chairman of the Tournament and will, along with PGA staff, work with your designated staff person.

We are delighted with your acceptance and look forward to a great 2000 Presidents Cup.

Warm personal regards.

Sincerely,

Ve

Do Nice letter!

B

6-7-99

Send to Burkhardt

Yes ✓

No

Satchidananda Ashram – Yogaville

A Tax Exempt, Non-Profit Religious Organization

International Headquarters of the Integral Yoga® Institutes

Buckingham, Virginia 23921 USA
(804) 969-3121

Founder/Sri Gurudev:
H.H. Sri Swami Satchidananda

'99 JUN 7 – 8:29

24 May, 1999

Beloved President Clinton,

Greetings of love and peace from Satchidananda Ashram-Yogaville!

I am writing to let you know about the celebration we are holding in July for the 50th anniversary of H. H. Swami Satchidanandaji's initiation into monkhood. The brochure is enclosed.

We are also gathering greetings, tributes, prayers, and inspirational stories involving Swamiji from his esteemed friends and devotees. The offerings will be given to Swamiji on 24 July, 1999 during the Golden Jubilee Celebration on Guru Poornima (a day to honor one's own spiritual teacher and all spiritual teachers).

We will be honored and delighted if you could send some words for this occasion.

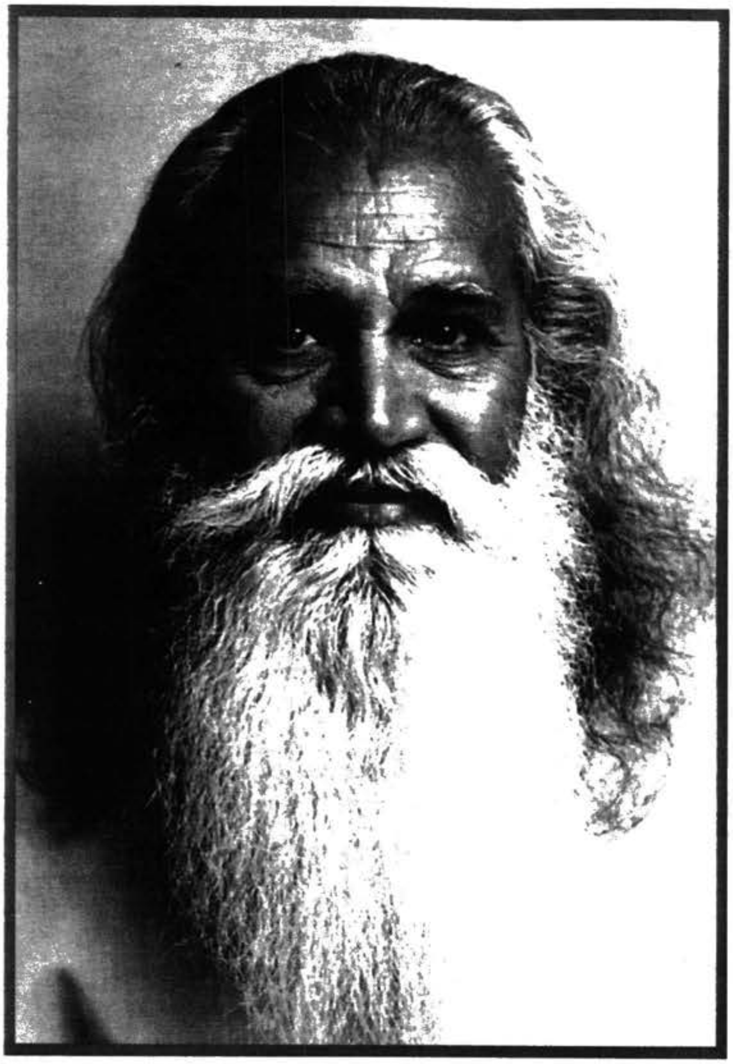
On behalf of the members at Satchidananda Ashram-Yogaville, I would like to express our appreciation and support for the great service you are doing for this country and the world. We send our sincere prayers for the First Family's health, well-being, peace, and prosperity always.

Yours in the Lord,

Swami Dayananda

Swami Dayananda

"The dedicated ever enjoy Supreme Peace. Therefore, live only to serve."
– The Reverend Sri Swami Satchidananda



GOLDEN JUBILEE CELEBRATION

Guru Poornima

July 23-25, 1999

President Clinton

Beth Dozoretz
3005 45th Street, NW
Washington, DC 20016

X-RAY AT RDS
USSS

WASHINGTON, DC
JUN 8
1999
PM
20066

Betty Currie
The White House
West Wing, 1st Floor
Washington, DC
20500

THE PRESIDENT HAS SEEN
6-7-99

NASH / SLATER
DOT DAS Gov't Affairs

WILSON GOLDEN
Public Affairs Consultant

NASH - Per on file - BC

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copied
Nash
Podesta

Jack Valenti
MPAA

THE PRESIDENT HAS SEEN
6-7-99

Phone: (202) 293-1966
Fax: (202) 452-9823

MEMORANDUM

Wednesday, June 02, 1999

TO: John Podesta and Bruce Reed This is a point

FROM: Jack Valenti Jack

Please convey to the President a correction in his statement about his appraisal of the movie rating system. The President said he was urging the FTC to study marketing practices of the movie industry "with regard to material rated for adults……"

"R" rated (for RESTRICTED) movies clearly state such films contain 'adult material' but --- and this is crucial --- children are NOT barred from seeing them. "R" means that children can see such films if they are escorted by a parent or adult guardian. Therefore whatever the marketing theme, the film being advertised does not ban children from viewing it.

copied
Reed
Podesta

3267

THE WHITE HOUSE

WASHINGTON

June 4, 1999

ACTION

cc all Min to HRC
Fyi-
Br.

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Letter from Benazir Bhutto

Purpose

Respond to a letter from Benazir Bhutto on the Judicial process in Pakistan.

Background

Benazir Bhutto wrote to seek your intervention with Prime Minister Nawaz Sharif on her trial on corruption charges. Shortly after writing the letter, she was convicted and announced her intention to appeal.

Your response states that we are watching closely the implementation of the rule of law in her appeal and in other cases in Pakistan that could be politically-motivated.

RECOMMENDATION

That you sign the letter at Tab A.

copied
HRC
Berger
Podesta

Attachments
Tab A Letter to Benazir Bhutto
Tab B Incoming Correspondence

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Benazir:

Thank you for your letter outlining your belief that you are not receiving a fair trial in cases brought against you by the Accountability Bureau of the Government of Pakistan.

I understand that Assistant Secretary Inderfurth met with you recently and passed on to you our view of the importance of upholding the rule of law and due process in Pakistan.

We trust that the Supreme Court will impartially judge your appeal. Ambassador Milam will follow the adjudication of your case closely.

Sincerely,

Bill Clinton

Thank you for your other letter to me

Ms. Benazir Bhutto
Leader of the Opposition
Islamic Republic of Pakistan
P.O. Box 22014
Dubai,
United Arab Emirates

9907825

بسم الله الرحمن الرحيم

Benazir Bhutto
Leader of the Opposition
Islamic Republic of Pakistan

April 9, 1999

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

Dear Mr. President,

I do hope that this letter finds you and Mrs. Clinton in good health.

The Pakistani regime has put in motion the Ehtesab (or Accountability) process, ostensibly to bring to justice corrupt individuals in Pakistan. In reality, the Ehtesab process exists solely to victimize the opposition. The courts are headed by family associates of my most bitter opponents and are likely to issue a biased verdict in the near future.

We have not been given a fair and free trial. We have been denied a public trial and denied a right of defense. We will be pronounced guilty by a court comprised of judges related to those who hung my father.

It is thus with grave concern for Pakistan's democracy that I bring this to your attention, and seek your Administration's strong intervention with the Sharif regime.

The Ehtesab Bureau under the direction of the Prime Minister has systematically subjugated justice: provided false evidence, intimidated and arrested defense lawyers, and extracted perjured testimony through the use of torture.

These acts have subverted the rule of law, violated basic and fundamental human rights, and deliberately dismantled the foundations of democracy in our country.

The human rights report issued by the U.S. State Department two months ago, clearly pointed to the Ehtesab Bureau as conducting ***"politically driven investigations of, and campaigns of vilification against, opposition politicians, senior civil servants, and business figures."*** I have attached with this letter a fact sheet that enumerates some of the injustices of this process.

I urge you, as the leader of the one nation with the greatest potential to influence the course of events, to send a clear message to Sharif that his regime must allow the judicial process to work in an open and unbiased manner.

National Assembly Secretariat, Parliament House, Islamabad, Pakistan. Tel.# (0092—51) 9204516, Fax.# 051-9206042
House No. 08, Street-19, F-8/2, Islamabad, Pakistan. Tel.# (0092 051) 255264, 282841-2. e-mail ppp@isb.compol.com
Bilawal House, D-30, Block-3, Clifton, Karachi. Tel.# 021-583102-3, Fax.# 021-575809. e-mail bilawal@khi.compol.com

I fully understand the extraordinary international pressure you currently face, and fully support your heroic efforts on behalf of the people of Kosovo. In the midst of this crisis, I am grateful that you could take the time to consider my request.

With all my best,

Benazir Bhutto.

Benazir Bhutto
Leader of the Opposition
Islamic Republic of Pakistan

MBB/jb
Enclosure

Abuse of State Power and Subjugation of Judicial Fairness

by

the Ehtesab Bureau and Senator Saifur Rehman

A report on systematic human rights violations and illegal political persecution by the Sharif regime

Prepared by the Pakistan Peoples Party
Islamabad, Pakistan
April 1999

The Ehtesab Bureau, created by Pakistan's Sharif regime, has been operating for over two years ostensibly to hold high government officials 'accountable'.

This report details how the Ehtesab Bureau and the corruption proceedings have been used exclusively by the Sharif regime to wage a campaign of persecution against Sharif's main political adversaries and the Pakistan People's Party in particular.

The Ehtesab Bureau is headed by Saifur Rehman, a sitting Senator of the ruling party and a close personal friend of Nawaz Sharif.

This report has been prepared as a public service to make known the transgressions committed by Senator Rehman and the Ehtesab Bureau in their politically motivated pursuit of opponents of the Prime Minister. Through independent research and widely available public documents this report clearly demonstrates that Senator Rehman and the Ehtesab Bureau have deliberately engaged in crimes which violate both the laws of Pakistan and international treaties governing the human, civil and political rights of individuals.

Contents

Systematic Human Rights Violations and Illegal Political Persecution by the Sharif Regime

I. On the Ehtesab Bureau Abuse of Power
The U.S. State Department, in its annual Human Rights Report, validated the claim of opposition politicians that the Ehtesab Bureau is nothing more than a one-sided process of vilification.

> **US State Department 1998 Human Rights Report/Pakistan**
> "This cell, ostensibly initiated to uncover corruption in an evenhanded manner, has conducted politically driven investigations of, and campaigns of vilification against, opposition politicians, senior civil servants, and business figures."
>
> "The Government has used the "accountability" process ... for political purposes by harassing and arresting a number of prominent politicians and bureaucrats connected with the main opposition party."

Another independent investigation by the News Intelligence Unit (NIU) revealed that the Ehtesab Bureau has ignored or withdrawn various prominent corruption cases in its desire to focus exclusively on the cases against Ms. Bhutto and Asif Zardari.

> "The nations's anti-corruption czars have sidelined, for unexplained reasons, some of the most trumpeted cases while they work exclusively to win a conviction against former prime minister Benazir Bhutto and her husband Asif Zardari from any court of law in Pakistan." *The News, 1 April 1999*

This NIU investigation also uncovered numerous cases of individuals who were released from prison or had their investigations halted in exchange for providing support in the cases against Bhutto and Zardari.

> "Under a stream of intriguing orders issued by the top authorities in Islamabad, federal investigators have so far been forced to recommend withdrawal of some of the famous cases of financial frauds; to withdraw names of leading accuses from the FIRs; to halt investigation into a famous kickback case and to release notorious bank racketeers from prison." *The News, 1 April 1999*

A delegation from Inter Investigation Service (IIS), a Swiss agency which absolved Senator Asif Ali Zardari of any drug trafficking charges, claimed that they were continually harassed by the government of Pakistan during their investigation.

> "The people in power tried to harass us at every step and even the government officials who provided us essential data about these allegations, looked terrified owing to the oppressive attitude of the Ehtesab Bureau's officials and requested us to keep their names confidential." *The News, February 25, 1999*

II. On Denying Right to a Fair Trial

1. Abuse of Defense: Ms. Bhutto's defense counsel, Mr. Farooq Naek, was arbitrarily prevented from traveling to London to meet with European lawyers to discuss the assistance Switzerland is providing to Pakistan. This action was not only in clear violation of the right of Ms. Bhutto to provide for an adequate defense, but denied an ordinary citizen the freedom to leave the country. Furthermore, the only way that the Sharif regime could have known of the purpose of his travel was through the illegal monitoring of telephone conversations between Mr. Naek and Ms. Bhutto.

Bhutto's Lawyer Stopped From Leaving For London
"Immigration officials prevented a lawyer for former Pakistani premier Benazir Bhutto and her jailed husband from traveling to London on behalf of his clients". *Agence France Presse April 9. 1998*

2. *Restricting Free Defense and Intimidation:* The Rawalpindi Ehtesab (Accountability) Bench. on Monday April 27. 1998 ordered the freezing of moveable and immovable properties of Benazir Bhutto. her husband Asif Ali Zardari. her mother Nusrat Bhutto and others. These actions taken to freeze assets were taken in secret court with no opportunity given to the "accused" to refute claims of ill-gotten monies. Assets of the accused remain frozen since that time.

3. *Lack of Impartiality:* The fact that the Ehtesab Bureau is headed by a personal friend of Nawaz Sharif should automatically preclude it from investigating opposition politicians. In addition. one of the judges presiding in a case against Ms. Bhutto is prejudiced by the fact that he is the son of one of the judges who sentenced her father. Zulfiqar Ali Bhutto. to death by hanging.

III. On Subverting Justice

The Ehtesab Bureau has obtained "evidence" for the cases against the Opposition through what are, at best, questionable means, including:

- Senator Rehman admitted payment of $1 million dollars (US) to an undisclosed figure in Switzerland who stole documents from a Swiss firm. These documents. distributed widely to the press, include forgeries and suspect signatures. The $1 million dollars (US) was paid for by the taxpayers of Pakistan.

Theft of Bank Documents
"The Swiss government has summoned the chief of the Ehtesab Bureau, Senator Saifur Rehman, to Geneva as he is alleged to have stolen important documents about Benazir Bhutto and Asif Zardari's accounts in Swiss banks... Swiss authorities say that if it is proved that these documents were purposely taken, it would be a serious violation of Swiss and international laws." *BBC Summary of World Broadcasts Text of report by Pakistan newspapers on 19th February 1998*

- Senator Rehman admitted use of torture, intimidation, imprisonment and the threat of imprisonment to elicit statements against Benazir Bhutto and the Bhutto family.

Is This Justice?
"In dealing with corruption cases, the police and other agencies, including the Ehtesab cell, seem to proceed from an assumption that a person is to be treated guilty until proved otherwise. Equally obnoxious is the police's style of humiliating and torturing a suspected person's family members in order to teach him a lesson. This has been the norm, especially the practice of hounding and humiliating one's fallen political rivals, and no serious effort has been made to change all that with a more decent and responsible approach to accountability and law enforcement." *Editorial, Dawn (Pakistan), 3/798*

IV. On Torture and Abuse of Witnesses

The Ehtesab Bureau has repeatedly used torture and other coercive means to obtain false statements and perjured testimony from witnesses.

> "The Ehtesab Bureau (EB), in a bid to involve Asif Ali Zardari and his friends in narcotics trade, has succeeded in extorting a statement from one Shorang Khan after subjecting him to torture and harassment. The confessional statement, according to relatives, was wormed out of Shorang by joint secretary of EB Samiullah Khilji and EB chief's blue-eyed boy Hasan Wasim Afzal. On the basis of this statement, an FIR has been registered by Karachi police and it has been sealed EB is expected to use this statement for an investigation being carried out against Zardari in the UK and Switzerland." *Frontier Post, (Peshawar) June 18, 1998*

> "The Sharif regime has coerced false statements from imprisoned drug dealers and thieves as the bases of its requests for assistance from foreign governments against the Bhuttos." *Press Advisory May 21, 1998*

V. On Fabricating Charges

Senator Rehman, in his attempt to freeze the foreign assets of Benazir Bhutto and Asif Zardari, made a frantic effort to fabricate drug charges against the two which relied upon so-called confessional statements from the following biased and highly unreliable individuals.

> "Mushtaq Malik alias Black Prince whose unsigned statement, citing alleged drug connections with Asif Zardari, has been widely circulated by the Ehtesab Bureau, has spent his last 15 years of life in prisons ranging from Amsterdam to New York. The Black Prince is widely regarded by the international anti-drug community as a compulsive liar and blackmailer." *'THE NEWS' Dated May 20, 1998*

> "An alleged confessional statement from notorious drug offender Arif Baloch alias Noora Teddy, citing involvement of Asif and some other persons in drug trade was drafted and finalised in the office of the Ehtesab Bureau. The drug offender is now pleading hearing by a Supreme Court judge or an independent bi-partisan commission to give his independent version.". *'THE NEWS' Dated May 20, 1998*

> "Sources said that the senator [Rehman] was also heavily depending on a statement procured later from Anwer Khattak, another drug convict in the US. He ignored exhaustive briefings from his associates and other drug experts that Khattak's unsigned statement, obtained under mysterious circumstances, would hold no legal value as he had been arrested and extradited to the US under the two Benazir Bhutto administrations. Laws that led to the confiscation of his billion-rupee properties in Karachi had also been initiated by the Bhutto government." *'THE NEWS' Dated May 20, 1998*

VI. On Providing False and Misleading Evidence

> "A police official prosecuting jailed Senator Asif Zardari, spouse of Benazir Bhutto in a narcotics case, has told the court that he proceeded against Zardari under duress. This case was made on the basis of a request by the government of Pakistan to the British government under mutual assistance for investigations against Senator Asif Zardari." *News 10-8-98*

VII. On Denial of Fundamental Human Rights, Free Speech, and Right of Assembly

On 20 April 1998, the Sharif regime used undue police force to break-up a peaceful and legal rally by the opposition in front of the National Parliament Building, using tear-gas and physically baton-charging sitting members of Pakistan's national Senate. These members of the Senate and Parliament were gravely injured and hospitalized.

Since that incident, the police in Islamabad have instituted two waves of midnight raids of the houses of the top leadership of the Pakistan Peoples Party. The regime has thrown these innocent individuals into jail, without the opportunity for bail. In the same week, all financial holdings of many of the top PPP leaders and supporters were frozen in Pakistan, again without charge of legal merit of any kind. None of those who were taken away in the night had done anything more than support the Pakistan People's Party, the only viable political alternative remaining to challenge and keep in check the growing excesses of the current regime.

VIII. On Restricting Freedom of the Press

The Ehtesab Bureau, acting under the direction of Senator Saifur Rehman, has used threats, intimidation and force to silence any and all media in Pakistan critical of Nawaz Sharif.

The authoritarian means used by the Ehtesab Bureau to suppress media in Pakistan received widespread rebuke by international press freedom and human rights organizations. In a Dec. 15, 1998 letter to Prime Minster Sharif, the Committee to Protect Journalists stated that Shakil ur Rahman, the head of the Jang Group of newspapers, was repeatedly asked by Senator Rehman "to dismiss a number of senior journalists who have written critically about your [Sharif's] administration."

Among its many abuses of press freedom, the Ehtesab Bureau has committed the following:

- a raid on the offices of Pakistan's largest newspaper (The Jang Group);
- withholding government advertising;
- freezing bank accounts without due cause;
- wire-tapping editors and journalists who wrote articles critical of the regime's policies;
- intimidation of contractors and vendors for the publication of the newsprint;
- and repeatedly using false allegations of tax fraud as an excuse to throw the owners of the paper into court, despite a lack of evidence.

> "Government authorities are tightening the screws of control on anti-government journalists, with raids on offices of the country's largest groups of newspapers earlier this week. Although the government spokesman denied there was a raid on Monday, even saying that "no official from any government agency visited the newspaper", the chief of the 'Ehtesab (accountability) Bureau Saifur Rehman accepted responsibility for the raid in an interview on BBC."
> *Inter Press Service, December 18, 1998*

> "The Jang group of newspapers, which has complained of harassment and intimidation by the Nawaz Sharif Government, has filed a petition in the Supreme Court seeking to restrain the authorities. The petition alleged that the Information Ministry and the Ehtesab (Accountability) Bureau chief, Senator Saifur Rehman, had launched a campaign of "villification, intimidation and harassment" as the Jang and The News had refused to accept their unjustified demands to tailor their news, views and editorial policies to suit the desires and wishes of the Government." *The Hindu, January 30, 1999*

The following documents and/or information has been provided by Mark A. Siegel & Associates, Inc. which is registered with the Department of Justice as the representative of Benazir Bhutto, as required under the Foreign Agents Registration Act (FARA).

4212

7-7

THE WHITE HOUSE

WASHINGTON

June 6, 1999

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER

SUBJECT: Letter to Bangladesh Prime Minister

I think I should see her if I'm not going to Pakistan

Purpose

To respond to a letter from Prime Minister Sheikh Hasina.

Background

Responding to Prime Minister Sheikh Hasina's recent letter provides an opportunity to welcome Bangladesh's support for the Kosovar Albanians, and to express the hope that you will be able to meet her in the future. She has been very clear about her interest in calling on you in Washington, but your schedule of official visits is full this year.

RECOMMENDATION

That you sign the letter at Tab A.

Attachment
Tab A Letter to Sheikh Hasina
Tab B Incoming Correspondence

copied
Berger
Podesta

cc: Vice President
Chief of Staff

THE WHITE HOUSE

WASHINGTON

Dear Madam Prime Minister:

I read with interest your recent letter about your quest for peace, and the award of the UNESCO peace prize. In this regard, I want to thank you and your government for your support for the Kosovar Albanians and the contribution Bangladesh has made to the humanitarian efforts on behalf of the refugees. It is heartening to know of your government's concern and your interest in ensuring that the refugees can return to their homes.

I am also pleased that the economic and commercial ties between our two countries are growing ever stronger and that some of America's finest companies are leading the way with large investments in the gas and power sectors. My Administration is determined to strengthen this dimension of our relationship.

I hope to meet you again in the not-too-distant future. In the meantime, Hillary and I extend our best regards.

Sincerely,

Bill Clinton

Her Excellency
Sheikh Hasina
Prime Minister of the People's
Republic of Bangladesh
Dhaka

প্রধানমন্ত্রী

PRIME MINISTER
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

April 22, 1999

Dear Mr. President,

I have been deeply touched by your letter of April 6,1999 congratulating me on being awarded the Felix Houphouet-Boigny Peace Prize.

The quest for peace has always been high on my agenda. Much like your initiative in persuading the parties concerned to restore peace in Northern Ireland and the Middle East, I firmly believed that the restoration of peace in the Chittagong Hill Tracts would herald a new era of development and progress in Bangladesh.

I am glad to say that after the signing of the historic peace agreement, during the past year, we have seen the return of all the displaced people to their original homes and the civil administration has done everything possible to assist them in the process of rehabilitation. The award of the UNESCO peace prize, therefore, is not only a vindication of my beliefs and ideals but a tribute to peace loving peoples throughout the world who have the determination to turn swords into ploughshares.

I wish to reaffirm that I remain committed to reaching the dividends of peace to my fellow citizens in the Chittagong Hill Tracts where plans are afoot for massive development activities. I am encouraged by the response of the international community to assist Bangladesh in its endeavour to ensure peace and stability in the country and provide a better quality of life to its people.

May I take this opportunity to express how much, we in Bangladesh, admire you for your bold and courageous leadership, for your humanitarian concerns as well as for the remarkable role you are playing to advance the cause of peace, stability and prosperity throughout the world.

Please convey our greetings and best wishes to Chelsea and Mrs. Clinton.

Sheikh Hasina

H.E.Mr. William J. Clinton,
President of the United States of America,
White House, Washington D.C., Dhaka.

6-7-99

JLP
— what is this about?
(thought we were
working on all their stuff)
— someone should get
specifics — B.

Lisa M. Kountoupes
06/07/99 09:49:39 AM [redacted]

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: rep berry fyi

from 6/3 congress daily:

Rep. Marion Berry complained Tuesday that his fellow Arkansas Democrat, President Clinton, has fallen short in getting things done for his home state. "I'm frustrated and disappointed that the president has not done more for Arkansas," Berry said in an interview with the Batesville Daily Guard, adding, "I never thought I'd say that." Berry, who worked in the White House as a special assistant for agriculture in 1993, said he had told Clinton of his disappointment. Having a president from the state "should give you an advantage you should get once in a lifetime," Berry said. "I don't think the president should disproportionately give things to Arkansas, but we should get an even break, maybe a little extra. In some cases, we have, but a lot of times, we haven't." Berry said there was little indication that, in Clinton's final two years in office, Arkansas will get from the Clinton administration what other states have received from their native sons in the White House. "I can't explain it," he said.

Message Sent To:

Lawrence J. Stein/WHO/EOP@EOP
Nancy V. Hernreich/WHO/EOP@EOP
Bob J. Nash/WHO/EOP@EOP
Bruce R. Lindsey/WHO/EOP@EOP
Lynn G. Cutler/WHO/EOP@EOP

copied
Podesta
Legislative Affrs

Cab. Affairs

6-7-99

Ark. Request

Pls. see if we can get them some $-

STATE OF ARKANSAS

House of Representatives

REPRESENTATIVE
...rcy Malone

... Clay Street
...adelphia, AR 71923-6024

...ne:
...-246-4141 Business
...-246-7177 Residence
...-246-6616 Fax

DISTRICT 36

...nties:
Part of Clark County
Part of Nevada County

COMMITTEES

...iciary

...urance and Commerce

...nt Committee on Energy

...nt Committee on Advanced ...mmunications and Information ...chnology

...nt Budget, Vice Chairman

SUBCOMMITTEES

...rections/Criminal Law

...ities

Copied
Marshall
Balderston
Podesta
Burkhardt
(original for signature)

June 4, 1999

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

Mr. President:

Perhaps there has never been a more exciting time to live in the city of Arkadelphia, Arkansas, than today. Our community is strong and upbeat and our citizens have a real sense of accomplishment having survived the tragic F4 tornado of March 1st, 1997. We have worked diligently over the past two years to develop a comprehensive recovery plan and we truly believe that this plan will rebuild Arkadelphia as one of the most stable and viable communities in the great state of Arkansas. This plan is the result of over two hundred public meetings and I am delighted to share it with you today.

As you know, the tornado destroyed much of our downtown central business district and three surrounding neighborhoods all of which are located within the historic heart of our city. Even before the tornado this section of town had begun to fall victim to the "suburbanization" of new developments along our interstate and other major highways. We believe that if significant recovery and improvement is not achieved then the central portion of our community will become more and more depressed and we therefore may not be able to attract, or perhaps even keep, residents, students, businesses or industry. Our plan would rebuild central Arkadelphia as the "Heart" of our community with housing opportunities for families of all income groups and would put a new and competitive face on our downtown so that we may draw citizens from throughout the region to patronize the businesses, shops and institutions centered therein.

$$

To accomplish our goals we are proposing a series of modest public improvement projects to support significant reinvestment by the private sector. Simply stated, we are proposing the construction of two civic "anchors" for our downtown with a comprehensive series of streetscape improvements to unify the district. We believe that these improvement projects in hand with two highly focused housing assistance programs will assure that Arkadelphia will not only recover but will be a strong sustainable community with the ability to thrive and prosper well into the 21st century just as you challenged us to do.

All totaled the cost of our recovery plan is $14.65 million dollars. We have successfully funded Component I of the plan for $2 million dollars and we believe that over the course of the next ten years we could perhaps fund our proposed $2.2 million dollar housing programs through resources that may be available through the State of Arkansas and national organizations such as Fannie Mae and Farmers Home Loan Bank.

According to federal guidelines, $10.65 million dollars of our improvement projects could be funded with Community Development Block Grant (CDBG) funds available through the Department of Housing and Urban Development. This is true largely because all of the areas that were devastated by the tornado and that are targeted for the improvement projects that we have outlined were determined to be low income according to the 1990 census. Unfortunately, the State of Arkansas will only receive $23.62 million dollars of CDBG funding this year for the various programs that already depend on that allotment. Indications are that our only hope of funding this major portion of our recovery plan would be through a supplemental appropriation for recovery from a natural disaster. The remaining $2 million dollars of improvement projects could be fully funded through the Department of Transportation.

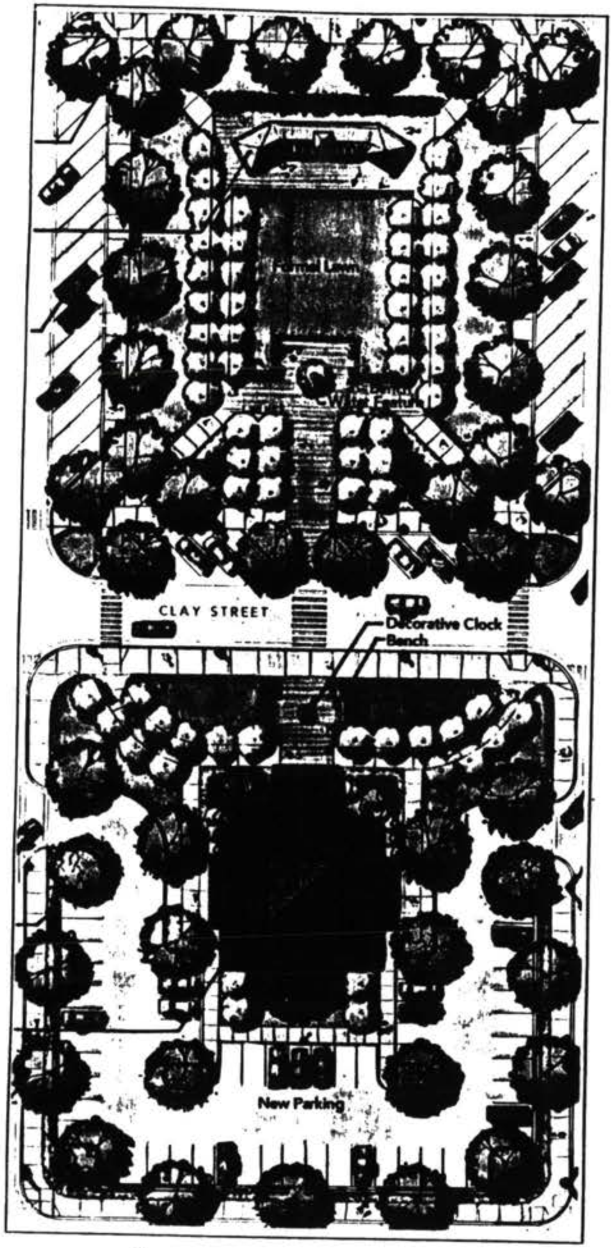
* Please understand that I am very appreciative, indeed grateful, of the support that you have already given us to rebuild our town. The Equity Buy-Down Assistance Program that we discussed the day after the tornado is an incredible success and the technical assistance that you made available provided the means for us to develop our plan. But based upon our experience we have learned that money is available for disaster *relief* however very little appears to be available for disaster *recovery*. We have taken great care to develop a defensible plan that we believe would make the highest and best use of the few precious dollars that could be made available to us from the federal government. I truly believe that Arkadelphia could become a disaster recovery model for the nation. We have a capable staff in place and are well organized to implement these projects. What we do not have is money.

Sincerely,

Percy

W. Percy Malone
State Representative

Hope to see you soon -



ARKADELPHIA ARKANSAS

DISASTER RECOVERY PROGRAM

PREPARED BY: ICF KAISER; CAMIROS, LTD; AND EDAW

ARKADELPHIA 2025 COMMISSION
Rep. Percy Malone, Chairman

MAY 1999

COMMERCIAL MARKET ASSESSMENT

Arkadelphia Disaster Rebuilding Effort

HOUSING MARKET ANALYSIS OF ARKADELPHIA, AR

Introduction

Background and Purpose

This study was undertaken by ICF Kaiser Consulting of Fairfax, VA on behalf of the Arkadelphia 2025 Commission. Funding for this report was provided by the U.S. Department of Housing and Urban Development (HUD).

A housing market analysis examines characteristics of households and the housing stock, analyzing important market trends and estimating housing problems or needs. Developing policies that effectively assist households that are unable to meet their housing needs requires an understanding of the dynamics of supply and demand that create the underlying causes of these housing problems. A housing market analysis can help policymakers understand the factors causing housing problems, to anticipate future developments and ultimately design effective policies and programs.

The purpose of this market analysis was to provide the Arkadelphia 2025 Commission with the most current data and information available on the city's housing market, thus better enabling the Commission and the City of Arkadelphia to plan future housing development activities that respond to the needs of residents.

Organization of the Report

This report is divided into two sections. Section 1 is the housing market analysis, which is further divided into two parts relating to the demand for housing and the supply of housing. As shown in Exhibit 1, the demand for housing is presented in terms of purchasing power and characteristics of households, while supply is presented in terms of the current housing stock and its cost and availability. For this reason, the first part of Section 1 will present demographic information relating to the population, household composition, employment and income. The second part of that section will discuss the housing stock and trends.

Section 2 is a comparison of housing demand and supply. This section contains information on the number, type and cost or rent level of housing units projected to meet housing demand. Section 2 also briefly discusses several of the underlying issues or problems that are present in the housing market.