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'99 JUN 23 PM4:28

June 15, 1999

Ms. Betty Currie
The White House
Washington, DC 20500

17R Conant Road

Dear Ms. Currie:

Marblehead, MA

Now that the war in Yugoslavia has ended, I am writing to support the President and applaud him for his courageous efforts.

01945

Once again, I impose on your kindness and ask that you give my letter to President Clinton. Thank you for your courtesy.

781 631 6507

Respectfully,


Rosalie M. Grattaroti

6-23-99

To Burkhardt for reply?
Yes ☒ No ☐

Coordinate with NSC?
Yes ☒ No ☐

B.

June 15, 1999

'99 JUN 23 PM4:28

President William Jefferson Clinton
The White House
Washington, DC 20500

178 Conant Road

Dear Mr. President:

Marblehead, MA

Once again I am taking the liberty of writing to let you know that I am greatly pleased with the NATO victory. Although many, many innocent people have suffered much harm, and although I did not support you in the bombing campaign, I applaud you for your courage and boldness.

01945

I hope you will now look into your heart and make all the necessary reparations and arrangements to rebuild the country so destroyed. A true peacemaker is one who takes the best interests of all affected parties to heart. Please do not make this only an intellectual exercise but look at the entire situation from a truly global perspective – one where your example as a compassionate world leader will have a positive effect on all citizens of the world.

781 631 6507

I hope the serious and passionate tone of my previous letters was not offensive to you. Please remember I am one of your biggest fans as is my mother and other members of my family. We have prayed for you as you know, and have supported you throughout your years in office especially through your, and our country's, most painful times.

My message comes with love and understanding not only for your role as President, but as a fellow Christian on the difficult path God lays before us. As I stated in an earlier letter, I believe God has a special plan for you and will ask you some time soon to follow His guidance. I hope this statement doesn't sound "corny" or out of place, but know that it comes from one who has walked the path of Christ and who, much to her surprise, has been called to do some very special work.

In that letter I believe I mentioned the fact of my healing gift – which has become quite an extraordinary avocation for me. Although I work in the secular world, there are opportunities presented to me almost daily where I am guided to give a "healing touch," and then God takes it from there.

President William Jefferson Clinton
June 15, 1999
Page Two

Please do not view my correspondence as inappropriate. But I want you to know that there are many such people in the United States who have been so called and, from my own personal experience and observation, I know you are also one.

You may not have had the opportunity to look at the book I sent you on Medjugorje but if you have a few minutes some time at least glance through it and read some of the story. It is a powerful occurrence and manifestation of God's active role in the world. And although it may seem foreign to many, the fact that 30 million people from all over the world have traveled to that remote village speaks to its validity.

I wish you continued success as our country's leader and as a world leader to be emulated and praised. The world desperately needs leaders like yourself who have above all else – heart. Try to keep it open to God's call and know that greater work and service is ahead for you, not only as President but in the years to come. I don't think God plans to "waste" all the goodness and strength that now resides within your soul. There is much healing to be done in the world and I'm sure you are to play a major role.

Again, I hope my words are not inappropriate. Just know that they come from another whose heart and soul have been strengthened through great pain and adversity.

I continue my prayers for you each day, and know that God will gently guide you by the hand.

Respectfully,

A handwritten signature in cursive script, reading "Rosalie Grattaroti". The signature is written in dark ink and is positioned above the printed name.

Rosalie M. Grattaroti

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AUXILIARY TO THE NATIONAL MEDICAL ASSOCIATION, INC.

OFFICE OF THE PRESIDENT

FOUNDER: Mrs. Alma Wells Givens

June 22, 1999

Betty Currie
Personal Secretary to the President
The White House
Washington, D.C. 20502

'99 JUN 23 PM4:28

6-23-99

*To Burkhardt for reply
review
and requested message?*

Yes ☒ No ☐

B.

Dear Mrs. Currie:

It was a pleasure meeting you at the tribute to Rosa Parks. I am Clinton that will be included in our convention book. I am the National Medical Association, Inc. This organization has been education activities since 1936. The ANMA also provides sch Historically Black Colleges of Medicine. This year has been a NMA, our physician spousal organization. This is the first time of both organizations at the same time. Additionally, Gary C. Gina Naomi Dennis, a White House intern.

I am requesting a letter from President Clinton that will welcome our members to our annual convention to be held August 8-13 in Las Vegas, Nevada. I have included the following for additional information:

- ▶ A copy of this year's program booklet;
- ▶ The ANMA Newsletter; and
- ▶ An ANMA Fact Sheet and programs

I am requesting this letter by July 1, 1999 if possible. If you require additional information, I may be reached at my home office 202-362-4172 or pager 202-516-6003.

Thanks for your assistance.

Sincerely,

Sharman Word Dennis
Sharman Word Dennis
President ANMA

"We Are Who Our Ancestor's Were" - AMISTAD

"Looking Back As We Move Forward In Fulfilling Our Obligation To Improve The Status Of Health Care Through Commitment, Respect and Partnership."

1012 Tenth Street, NW • Washington, DC 20001 • (202) 371-1674 • Fax (202) 289-ANMA • Home Phone & Fax (202) 362-4172 • Pager (202) 516-6003



**AUXILIARY TO THE NATIONAL
MEDICAL ASSOCIATION, INC.**

SHARMAN WORD DENNIS

President

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Phone: (202) 371-1674 or
(202) 289-ANMA

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Phone & Fax: (202) 362-4172
Pager: (202) 516-6003



AUXILIARY TO THE NATIONAL MEDICAL ASSOCIATION, INC.

OFFICE OF THE PRESIDENT

FOUNDER: Mrs. Alma Wells Givens

Auxiliary to the National Medical Association Inc. FACT SHEET

PRESIDENT SHARMAN WORD DENNIS

99 JUN 23 PM4:29

The Auxiliary to the National Medical Association [ANMA] was formed in 1936 with the following mission "to create a greater interest in the NMA; to aid and encourage the medical profession in its effort to educate and serve the public in matters of health; to develop and promote a national program on health, education and legislation." The ANMA is a service organization.

The ANMA comprises spouses, male and female of members of the National Medical Association [NMA], the oldest national organization of African American physicians in this country. The Auxiliary represents members in six (6) regions throughout the continental United States, Hawaii and the Virgin Islands.

The NMA was formed more than one hundred years ago as a direct result of the exclusion of African-American physicians from the AMA. The NMA represents 22,000 physicians of African descent.

The outreach of the ANMA is to African-Americans, other minorities and people in under served communities. Due to the mission of the organization and the need to provide expanded outreach in the minorities communities to address the health and education needs of the communities of color, the Auxiliary has programs that address the health issues of people of color across the life cycle. Attached are the National programs of the Auxiliary to the National Medical Association.

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AUXILIARY TO THE NATIONAL MEDICAL ASSOCIATION, INC.

OFFICE OF THE PRESIDENT

FOUNDER: Mrs. Alma Wells Givens

ANMA PROGRAMS

- **Project SUN**: the ANMA adopted the Charles I. West Middle School in Las Vegas. Project SUN is a comprehensive pregnancy, alcohol, drug and violence prevention project that provides positive alternatives for youth. This project is funded by the Office of Family Planning /Department of Health & Human Services. It is supported by the NMA & ANMA members in Las Vegas.
- **NAAYI: Scholar's Program**: this program provides students from around the country with exposure to information about career opportunities in health professions, scientific research, public policy and the role of the federal government in developing health policy. This program is funded by OMH, HRSA, NIH and NHLBI. It is supported by HUCM, HUMAA and NMA.
- **Designation: Vaccination**: the ANMA received funding from the Pasteur Me'rieux Connaught Pharmaceutical company to conduct a six (6) month immunization outreach project in Fresno, Ca; St. Louis, Mo. and Newark, NJ. The results of this project will be presented at NMA/ Pediatric Section and an ANMA educational session. This project conducts educational outreach to physicians, parents, grandparents, child care providers, and other health care providers. This project is supported by the Honorable Donald Payne [D-NJ]; Bill Clay [D-St. Louis] and Cal Dooley [D-Fresno, Ca] as well as the health departments and other community-based organizations in the target city.
- **Health, Nutrition & Medication**: this project is funded by the FDA/Department of Health & Human Services. The ANMA provides community outreach on issues related to health, nutrition & medication. This year the ANMA has expanded the objectives of this project. Outreach will focus on cancer prevention & awareness; diet & nutrition; activities/strategies to reduce the onset of cardiovascular diseases & problems; awareness of diseases and health problems that result in poor nutrition; reading food labels; the interaction of foods and medication and awareness of food allergies.
- **Gift of Giving**: an Organ & Tissue Donation & Bone Marrow Community Outreach project. The ANMA is partnering with the Southern Area Links, Inc., MOTTEP, UNOS, the National Marrow Donor Program, the SNMA and the NMA to provide information to communities of color regarding the importance of organ & tissue donation; health and organ donation and the need for Marrow Donation within ethnic communities. *This program has resulted in a joint NMA/ANMA organ donor card*
- **National Summit on Women's Health: Women as Care Givers & the Impact on the Family** will address the issues of **Stress**: your mental health, well-being, care giving & stress; **Disease**: Prevention, Coping & Living with Cancers, Diabetes, Heart Disease, AIDS/HIV; **Abuse**: ATODA, misuse of prescription medications, Violence from the inside & outside; **Program Solutions/strategies**: Strategies to coordinate the programs of the attendees to ensure the effectiveness of our work within communities of color. This conference will include the presidents of key African American community based organizations. Partnership and presentation at NMA Community Medicine & Public Health Section.)

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**The AUXILIARY to the
NATIONAL MEDICAL
ASSOCIATION, Inc.**



PROGRAM DIRECTIVES
1998-1999

"We Are Who Our Ancestor's Were"
Amistad

*"Looking Back As We Move Forward In
Fulfilling Our Obligation to Improve the
Status of Health Care Through Commitment,
Respect and Partnership"*

SHARMAN WORD DENNIS
61st President

The ANMA Newsletter

May 8, 1999

Official Publication of the Auxiliary of the National Medical Association

Volume 60, Issue 1



“We Are Who Our Ancestors Were”^{AMISTAD}

**“Looking back as we move forward in fulfilling our obligation to improve
the status of health care through
Commitment, Respect & Partnership.”**

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Mrs Betty Currie

Personal Secretary to the Pres
White House

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Poland Opens Door to West, and Chills Blow Both Ways

By EDMUND L. ANDREWS

LONSK, Poland — Like Poland itself, Ludomir Turkowski embraced capitalism and Western conveniences when Communism collapsed here 10 years ago.

His small pig farm now has a telephone, a fax machine, a television and a video recorder. He can borrow money at the local bank and he has invested in new farm equipment. But lately, Turkowski is having new doubts about the West.

Subsidized pork and chicken from the European Union are flooding into Central Europe. German apples are crowding out local produce. Prices are slumping and costs are rising.

"I can't sell my products," he complained. "Just yesterday the television news showed 150 big trucks from European Union countries, full of chicken and pork, sitting on the Polish border."

The post-Communist world in Central Europe is entering a new phase. After tireless and largely successful efforts to align their economies with those of Western Europe, countries like Poland, Hungary and the Czech Republic are pushing hard for the ultimate badge of acceptance: membership in the European Union.

But at least here in Poland, Central Europe's biggest country and thus its brightest economic star, leaders now find that a substantial part of the population is balking.

Farmers, angry about plunging prices and European competition, have staged hundreds of protests in the last several months. Coal miners, upset about plans to curtail subsidies, blockaded the Ministry of Finance in early June until they received assurances of new support.

Many of those people blame the European Union for their woes. According to recent surveys, only 55 percent of Poles favor entering the European Union, down from 70 percent several years ago.

That is a troubling shift for Poland's political leaders, and perhaps for other Central European nations that have pursued membership in the European Union as if it were a holy grail.

By becoming members, the Central European nations would eventually gain full access to European markets. Their citizens would be free to live and work throughout Western Europe. In time, they could even be allowed to adopt Europe's new single currency, the euro, which would reduce their vulnerability to wild swings in global money markets.

"It is very important," said Hanna Gronkiewicz-Waltz, president of the National Bank of Poland and an architect of the country's economic policy.

"We are not a country that can profit from being alone. Our situation is much more vulnerable to external shocks than many people think."

Each Side Is Wary of the Other

Integration is also certain to bring change. "There is a feeling that the European Union will bring in more money and investment, but also that it will bring in unfettered competition," said Krzysztof Bledowski, chief strategist for Central Europe at Wood & Company, a securities firm in Warsaw.

To a great extent, the suspicion is mutual. Many European countries are horrified by the prospect of extending the European Union's

substantial subsidies to Polish farmers. They also fret about giving Polish workers carte blanche to work in their countries, a standard right for anybody living within the union.

As more detailed negotiations loom this summer between the European Union and the Poles, Czechs and Hungarians, all these issues are becoming increasingly tense, because both sides face the need for painful change.

While any Government negotiating European Union entry finds itself balancing national needs against the demands of the larger bloc, and trying to win special deals, the Central Europeans have the added burden of history. Many of them remain suspicious of Germany, the European Union's largest power and Central Europe's neighbor. And most adults, reared under Communism, are still adjusting to — and therefore frequently fear — the Western way of doing things.

As for the European Union, the prospect of a flood of labor from the East raises irrational fears among Westerners already grumbling about too many immigrants.

And the entry particularly of Poland's small farmers confronts the European Union with the necessity of long postponed change in its farm subsidy program. If the union's farm subsidies were extended to all Central European farmers, their cost would skyrocket. European leaders recently agreed on a plan to reduce farm subsidies, but nowhere near enough to avoid a disruption.

Most of Poland's six million farmers are too small to compete in world markets. Meanwhile, the European Union is demanding reductions in the subsidies for coal miners and shipbuilders. It is also complaining about the generous tax breaks that Poland, like other post-Communist countries eager for foreign cash, offers foreign companies that build factories in so-called enterprise zones.

All of this is putting new pressure on the country's governing political coalition under Prime Minister Jerzy Buzek. With its population of 42 million and its embrace of free markets, Poland has become a magnet for foreign investment. Its trade is overwhelmingly with Western Europe. And its economy has proved remarkably resilient to the financial crises that racked Russia, Asia and Latin America.

The collapse of Russia and slower economic growth in Western Europe has reduced Poland's growth rate from more than 5 percent in 1998 to an estimated 3.5 percent this year. That is much faster growth than in far more prosperous Germany and France, but it is a significant reduction that has made it harder for the right-of-center coalition led by Buzek to push through reforms that would lower taxes and subsidies.

Just before Pope John Paul II arrived for his marathon visit in Poland in early June, miners blockaded the Foreign Ministry, protesting Government plans to slash coal subsidies and to reduce production by about 20 percent by the year 2002, the year Poland hopes to enter the European Union. The plan would reduce the number of miners from 230,000 in 1998 to 138,000 in 2002. The Government responded to the protest with a promise to seek about \$100 million to compensate miners who lose their jobs.

Reducing industrial subsidies is crucial to Poland's attempts to control spending. But it will also be a central issue in the European Union negotiations. Yet it is in the rural areas that fear of the European Union is most intense.

Lossing Ground to Competition

Poland, alone among the former countries of the Soviet bloc, never collectivized its agriculture. Most of the farms are smaller than 50 acres and woefully inefficient. Thus, even though Polish wages are a small fraction of those in Germany or France, farmers have been besieged with competition from the West.

Here in Pionsk, a small village about 40 miles northwest of Warsaw, the transformation is tangible.

"This used to be a flourishing countryside, where farmers could sell everything they produce," said Kazimierz Dabkowski, a city administrator who looks after farming issues, referring to the conditions just about five years ago.

"But now, the situation has completely reversed."

"The first problem is that production costs went sky high -- fuel, fertilizer, pesticides," he said, contrasting this with subsidized supplies under the Communists. And now, Dabkowski noted, farmers find they must hold prices down to compete with Western imports. "Suddenly, there is a very bad situation where the farmers do not have enough income," he said.

Turkowski, a 57-year-old farmer who raises pigs and some cereal grains, said he is struggling to hang on. Pork prices have fallen by about 50 percent in the last year, partly because of the economic collapse in Russia, which was the chief market for Polish pork. When pork traders come into town to buy up pigs, he said, farmers often wait for hours just to offer their animals and then find themselves turned away.

Josef Pietrzyk, who raises fruits and vegetables in the nearby village of Zaborowo, said he can no longer earn a living on the farm. He plans to sell his farm to his daughter, who has been buying up land in the region to benefit from the economies of a larger farm.

"All the small farmers are terrified, including myself," said Pietrzyk. "I think the large farms will simply absorb the smaller ones. But many of the larger farms are in trouble, too."

Both farmers have decided that they will vote for the radical Peasants' Party in the next election, which has committed itself to guaranteeing farmers the ability to sell their crops. Although the Peasants' Party is unlikely to attain significant power any time soon, pressure is already building for programs to buy up surplus grain -- a move that would probably make local farmers even less competitive in world markets because it would encourage uneconomical production.

Many farmers are particularly incensed about the European Union's export subsidies. While Poland's pork producers have seen a collapse in their exports to Russia, the European Union actually subsidizes meat exports to Russia -- angering even the most adamantly pro-European of Poland's leaders.

"When exports to Russia collapsed, what did the European Union do? They increased their subsidies to aid exports," complained Leszek Balcerowicz, Poland's Finance Minister, at a conference in Warsaw.

That is not the only issue that worries local farmers. Another big fear is that foreigners -- by which most people mean Germans -- will buy up their land, which is another basic right accorded to anybody living within the European Union.

Land purchase, particularly by prosperous Germans and Austrians who have historically held sway over the neighboring Central European candidates for the European Union, has also been an issue in Hungary, Slovenia and the Czech Republic. Particularly to some people in these smaller countries, land purchase by foreigners equals the loss of their nations' new identities after decades in the Soviet or Yugoslav grip.

Polish leaders are expected to push for restrictions on land purchases in the coming negotiations, but European countries have made it clear that they will fight them, since such special restrictions ultimately would affect such long-established practices as British citizens buying property in Mediterranean countries in order to vacation or retire in warmer climes.

A Sense of Insult Added to Injury

hills balking at Polish demands on the purchase of property. European leaders are expected to insist that the union's existing scheme of farm subsidies, known as the Common Agricultural Program, should not be extended to Polish farmers for at least several years.

To Pietrzyk, that sounds like insult added to injury.

Krzysztof Paciorek, an apple farmer in the town of Grojec, is more optimistic about competing with Europe. He owns a 104-acre farm, which is still small by Western standards but big enough to justify investment in at least some advanced technology.

To improve productivity, he has switched to a new breed of smaller trees that can be packed into small orchards at very high density. He is also one of the very few farmers here who owns low-oxygen coolers, standard equipment in the West that makes it possible to keep fruit fresh for months.

But even so, Paciorek is pessimistic about the Polish apple industry. In fact, in early June, apples sold in Warsaw for slightly more than they did on the streets of Berlin.

"Poland produces two million tons of apples, but only 1 percent of all farms have low-oxygen coolers," he said as he relaxed in his living room after a long day of work. "I am afraid that most of the small farmers will go bankrupt. They are just economically behind, because they are so small."

Few experts, whether in business or in government, doubt that Poland and the other big central European countries will be admitted into the European Union. As a practical matter, investors have already begun to treat Poland and Hungary more like any other European country.

"We hope to be in the European Union by the year 2002," asserted Ms. Gronkiewicz-Waltz at the central bank.

But even the strongest supporters admit that they still need to persuade their own people.

"People are afraid, concerned that foreigners will come in and buy up their land," Ms. Gronkiewicz-Waltz said. "People are afraid, because they don't know."

END

6-23-99

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Future Bleak for Bill to Keep Health Records Confidential

By ROBERT PEAR

WASHINGTON -- Legislation to protect the privacy of medical records is dying under pressure from insurance companies, health care businesses, law-enforcement officials and others lobbying Congress to preserve their access to sensitive information on patients.

As envisioned, the bill was supposed to establish comprehensive federal standards for the confidentiality of medical records. The goal of a uniform medical privacy standard was originally shared by consumer advocates and the health care industry, which now operates under rules that vary from state to state.

But some consumer and privacy advocates now say the bill, which has been changed amid a spirited lobbying blitz, permits health insurers, health care businesses and law enforcement officials to encroach on privacy rather than protect patients' confidentiality.

On four occasions in the last month, a Senate committee has scheduled and then canceled meetings to amend and vote on the legislation, which would affect virtually everyone who receives, provides or pays for health care in the United States: doctors, patients, hospitals, drugstores, employers, insurers, insurance agents and researchers, among others.

With so many competing interests swarming round the bill, it appears to be doomed.

Congress faces a deadline. If it does not act by August, Donna Shalala, the secretary of Health and Human Services, is supposed to issue privacy-protection rules. But Congress could stop her or extend the deadline.

The stated purpose of the bill, drafted over the last three years by Sen. James M. Jeffords, R-Vt., is to "establish strong and effective mechanisms to protect against the unauthorized and inappropriate use of protected health information."

In general, the bill says, health care providers and insurance companies may not disclose information from an individual's medical records unless the person has authorized such disclosure. But then, it says, anyone who wants health insurance must, "as a condition of enrollment in the health plan," authorize the use and disclosure of personal health information, not only for medical treatment and the payment of claims, but also for the vaguely defined purpose of "health care operations."

Critics say the bill would virtually force patients to give consent, on penalty of losing their health insurance. A health plan could deny coverage to people who refused to give consent.

James C. Pyles, an expert on privacy rights who represents the American Psychoanalytic Association and many home health agencies, said: "The bill recognizes a right to confidentiality, but essentially eliminates it by compelling the consent as a condition of obtaining insurance or even treatment in some cases. That's not really consent; it's submission."

George J. Annas, chairman of the health law department at the Boston University School of Public Health, said: "The bill tends to erode confidentiality more than it guarantees confidentiality. More people would be authorized to have access to your medical records than have access under current law. Health plans and researchers would say that's a good thing because it'll make the health care more efficient and speed up gene-based research to look for new drugs."

Under the bill, law-enforcement officials could request and obtain medical records in "exigent circumstances" if they were in hot pursuit

of a suspect or a fugitive, or if they were simply trying to locate and identify a material witness. Some health care professionals are particularly uneasy about this aspect of the bill, although the Justice Department has endorsed it.

Dr. E. Ratcliffe Anderson Jr., executive vice president of the American Medical Association, contends that the bill "implicitly deputizes physicians as law-enforcement officers," forcing doctors to violate their ethical duty to patients.

"We are alarmed," Anderson said. "The power that would be vested with law enforcement is nothing short of breathtaking."

John T. Benavoglio, chief privacy officer at the Justice Department, said: "Our intent is not to deputize medical professionals as law-enforcement officers. But there are situations where we need medical information to investigate crimes and protect public safety. In those situations, we feel it's reasonable for law-enforcement officers to have the information we need."

Increasingly, health care is provided by large networks of doctors, hospitals, clinics, nursing homes, pharmacies and insurance companies that want to share certain types of information on patients.

Charles N. Kahn III, president of the Health Insurance Association of America, said: "We don't favor indiscriminate access to medical information. We use it only to enhance the quality of care and to prevent fraud and abuse."

Health plans routinely use the information in their files to contact women who need a mammogram or patients with a particular disease who could benefit from a new drug.

Health maintenance organizations have developed many techniques to detect fraud, to learn which treatments are most effective, to evaluate the work of individual doctors and to identify those who order too many tests and procedures.

Insurers and HMOs say it is totally impractical for them to request permission each time they want to use a patient's medical records. Under Jeffords' bill and similar measures pending in the House, a health insurance company could require a patient to sign one form authorizing all future use of the person's medical records for "treatment, payment and health care operations."

Each of those terms is broadly defined in a way that seems to codify current practices in the health care industry. "Treatment" includes risk assessment, disease management and the "coordination of health care or other services among health care providers and third parties authorized by the health plan." Likewise, "payment" includes all sorts of activities to determine whether a service is medically necessary.

"Health care operations" encompass almost everything for which a health plan might want to use a patient's medical records: "quality assessment and improvement activities," developing clinical guidelines, reviewing the competence of doctors and nurses, tracking variations in medical practice, auditing claims and setting premiums and insurance rates based on the medical history of an individual or a group.

In trying to pass a bill, Congress has come to an impasse on questions like these:

If the federal government sets standards, should states be allowed to go further and pass laws providing even more protection for the privacy of medical records? Insurers say no: they want uniform national standards because they continually send information across state lines. But consumer advocates hope states will pass stronger laws.

Should the government provide extra protection for records on particularly sensitive subjects like mental illness, HIV and AIDS and

genetic test results.

Should parents be able to examine the medical records of their children? Opponents of abortion say yes; advocates of abortion rights say young women should not have to open such records to their parents. The bill, as it stands, says that the rights of minor children can be exercised by a parent or by the child, as provided under state law.

Should patients be able to sue anyone who improperly discloses their medical records? Should there be a limit on damages? The bill would create a limited right to sue for certain intentional violations of a patient's privacy rights, but neither consumer advocates nor insurance companies like the proposed compromise.

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Americans Begin to Worry About Genetically Modified Food

By AGENCE FRANCE-PRESSE

WASHINGTON — For most Americans, "GM" refers to a make of car.

But recently U.S. consumer groups, with support from scientific and environmental organizations, have joined their European and Japanese counterparts to raise red flags over the potential dangers of genetically modified foods.

Five years after the U.S. government first approved widespread planting of a genetically modified tomato, a national conference on the issue convened for the first time this week in Washington to push for labels identifying genetically altered products.

The demand for labeling comes less than a month after a study found that a variety of genetically altered corn could be fatal to monarch butterflies. The corn's producer, Monsanto, insists the corn is safe.

"Right now over 60 percent of all foods on U.S. grocery store shelves include some genetically engineered organisms," said Laura Ticciati of Mothers for Natural Law.

"And within five to 10 years, the biotech industry intends to genetically engineer our entire food supply," Ticciati told the conference.

Since 1994, the United States has approved more than 30 varieties of genetically modified agricultural products, including tomatoes, corn, potatoes and soy beans.

But many more products contain genetically altered ingredients as those crops were processed into vegetable oils, tomato sauces and mashed potato mixes.

The government does not require manufacturers to tell consumers which products contain genetically modified ingredients.

"There is a presumption of safety for food in the U.S.," said David Andow, a professor at the University of Minnesota.

But Europe and Japan have handled the issue differently.

"In the EU food demand and safety dominate the debate," Hanlon said. "The farm policy reform is to make us produce less not more, with focus on the quality of the products."

"Japan, like Europe, is much more cautious about the potential risks. Also there's greater connection between grower and consumer," Andow said.

Hanlon agrees.

"There's a difference in taste and cultural preferences," he said.

"Costs and benefits are weighed differently and OMG (genetically altered organisms) have no advantage for consumers."

In the United States, industry has dominated the debate over genetically modified organisms.

The resulting regulations were designed with biotechnology companies in mind, said Tassos Hanlonis, the European Union's agricultural counselor in Washington.

U.S. commercial interests surrounding the products are strong, said Andow, who estimates that corn alone is a four billion dollar a year industry.

In 1996, the Environmental Protection Agency approved planting of

Bt (Bacillus thuringiensis) corn -- the variety that Cornell University researchers said killed monarch butterflies.

Currently, Bt corn is planted on eight million hectares and makes up one-quarter of total U.S. corn production.

Genetically altered soy beans comprise 35 percent of the total crop, and half the cotton crop is altered.

In all, genetically altered crops cover 30 million hectares in the United States.

President Bill Clinton's administration has looked with favor on biotechnology companies, a disposition that began with his predecessor, George Bush.

"The U.S. has raised two legal points susceptible to become a trade war: to shift the burden of proof to the consumer to show harm, and that labeling of OMG is a technical trade barrier," Hanlonis said.

At the G8 summit which ended on Sunday, food safety in general, and GM food in particular, were on the menu, added to the summit agenda at the request of French President Jacques Chirac.

Chirac called the issue a "vital subject for us and for our children."

But Washington poured cold water on the idea.

"We think that there are already sufficient mechanisms" under the World Trade Organization to deal with such issues," a U.S. official said.

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Some of Nation's Wild Lands Face New Threats

By THE ASSOCIATED PRESS

WASHINGTON -- Tourists, recreation seekers and suburbanites are posing new threats to some of the nation's most endangered wild lands, an environmental group says in a new report. Grand Canyon National Park in Arizona is too noisy, with the sounds of water and wrens drowned out by site-seeing helicopters, cars and boats. The Wilderness Society report says.

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Off-road vehicles are damaging trails and causing erosion in the Utah Wilderness.

And the population in California's Sierra Nevada region is expected to triple in the next 40 years, threatening old-growth forests, according to the report scheduled to be released Monday.

"Civilization is beginning increasingly to encroach on America's wild places," said Steven Whitney, a deputy vice president of The Wilderness Society. "Rural landscape is becoming subdivided check to jowl into new communities."

The group's third annual report on the nation's 15 most endangered wild lands includes 12 areas in the West.

The crest of the Cascade Range, a 2-million-acre area east of Seattle, is losing habitat for salmon, bald eagles and other animals because of a checkerboard pattern of ownership -- timber company land intermingled with protected public land, the report says.

"It's almost like a tapestry that has become tattered, and at some point the tapestry literally comes apart," Whitney said.

In the Klamath Basin, an area of marshes, lakes and meadows straddling the Oregon-California border, the habitat for snow geese and songbirds is suffering, the report says.

"You've got water that's been diked, ditched and diverted for agriculture use," Whitney said.

Two Alaska areas made the group's list: the Arctic National Wildlife Refuge, which The Wilderness Society says is vulnerable to oil drilling, and the Copper River Delta, which the group contends would suffer from proposed construction of a new road.

Other Western areas on the list and the perceived threats, include:

- The Medicine Bow and Routt national forests along the western portion of the Colorado-Wyoming border, threatened by five proposed timber sales.

- The Sonoran Desert in Arizona, endangered by jets that fly as low as 200 feet.

- The Mojave National Preserve in California, threatened by a proposed airport and mine expansion.

- The Owyhee Canyonlands where Idaho, Oregon and Nevada borders meet, could suffer from the U.S. Air Force's proposed construction of roads and radar sites.

- The Greater Yellowstone ecosystem, threatened by proposed oil and gas leasing of 370,000 acres, 35 miles south of Jackson Hole, Wyo.

END

From Siberia to Israeli Cabinet (No, He's Not Sharansky)

By DEBORAH SONTAG

LON SHVUT, West Bank — Yuli Edelstein is probably the only member of the Israeli Cabinet — much less the only one in a yarmulke — whose father is a Russian Orthodox priest.

He is probably the only Beatlemaniac in that august group, and probably the only one who ever made a living as a nude model at an art institute in Moscow.

Few others would gleefully offer a biographical anecdote that culminated with a crotchety old Russian sculptor barking: "Get up on that pedestal, young man! Now, this, class, is a god!"

But Edelstein, 40, the immigration minister, is among a new breed of politicians who represent a new generation of Israelis.

Younger and from a greater diversity of ethnic backgrounds, they are less likely to be veterans of the great Israeli wars, lifelong Zionists or even Jewish. Instead, their stories form the new narrative strands of a country that is redefining itself.

A former Soviet refusenik, Edelstein is No. 2 to Natan Sharansky at the helm of Yisrael B'Aliya, the small but powerful Russian immigrant party. Because Sharansky is an international figure and a large personality on the Israeli political stage, Edelstein sits somewhat in his shadow.

"He cannot be No. 1," said Sharansky, the former Soviet dissident, "because he spent in prison only three years and I spent mine."

But Edelstein's story is drama-filled, too, his ideology equally complex and his trajectory here replete with promise. And Edelstein, not Sharansky, has been the front-line representative for the 1 million Russian immigrants, since his department provides them with services.

Like Sharansky, Edelstein is worldly and sophisticated and tilts to the right on issues of peace with Israel's neighbors. Living behind barbed wire in Alon Shvut, a Jewish settlement south of Bethlehem, he is an unlikely settler, with a Volvo and a driver — a Cabinet minister's perquisite — city-style black clothing and a yearly subscription to the opera.

Also like Sharansky, he is something of a disappointment to his liberal supporters in Israel and among Jews in the Diaspora, who expected such prize fighters for human rights to empathize more profoundly with the Palestinian cause.

But Edelstein is loyal. First he is loyal to Alon Shvut, which adopted him, running an international campaign to free him from an eastern Siberian prison camp. And then he is bound to the notion of the "greater land of Israel" — that Jews have an unqualified right to all of the land of their forefathers — which inspired him before he emigrated here.

In 1987 in Moscow, shortly after his release from prison, Edelstein, pale and gaunt, received a visit from two leftist members of the Israeli Parliament eager to escort him to Israel. Told that he intended to move to this settlement, one gasped and one spat on the ground, he said.

But Edelstein — with his wife, Tanya, an engineer, and son, Elyasaf, 8 — still lives in the modest building that he first occupied here. His apartment has been renovated and expanded: the marble counter tops, party bumper stickers and table-tennis trophies (his) are new. But the cramped, scruffy low-rise is, if anything, the worse for wear.

"I wouldn't spend one single minute here if I didn't believe Jews had

a right to live here," Edelstein said. "The problem is, where do you draw the lines? I'm not of the school that says don't give an inch. Because there is also a Palestinian population here that is not exactly contented to be ruled."

Edelstein, who was sworn in three years ago as immigration minister, is almost certain to stay in his post under Prime Minister-elect Ehud Barak. He is roundly applauded for making the ministry more immigrant-friendly.

"He changed the mind-set from paternalistic and removed the stigma from being a new immigrant," said Gideon Dubinsky, 44, a Russian-language television producer.

But whether he remains a Cabinet member — giving his six-member party two seats in the Cabinet — has been a subject of fierce negotiation.

During the negotiations, Edelstein, representing the party, briefly walked away from the table because he felt that the coalition platform was too negative toward settlers. That revived questions in his party about whether he and Sharansky, close friends, really represent Russian immigrants.

"Settlements are his political and life choice," Roman Bronfman, a more liberal party member, said of Edelstein. "But the newcomers from the Soviet Union are so far from this issue. Most of them are moderate and secular, and few live in the West Bank."

Edelstein grew up in Chernovtsy, a western Ukrainian city that was called Czernowitz in an earlier era. His mother was Jewish, as was his father's father. But his parents, who were both linguists, considered themselves intellectuals first.

His parents were sent to universities in the countryside to teach, and Edelstein was raised by his maternal grandparents.

His grandfather had taught himself Hebrew, at age 70, from a tattered self-instruction manual, enough to listen to the Voice of Israel on a short-wave radio. Edelstein was 17 when his grandfather died and, feeling sad, he turned to the weathered Hebrew text. He also started reading popular books like "Exodus" by Leon Uris.

"I really felt suddenly that, yes, there is something to live for and to die for," he said.

In 1977 he asked for an exit visa from the Soviet Union. He was refused, and his life as a Jewish dissident began. He joined a small circle of Hebrew teachers who held class in their apartments.

Religion came slowly. Edelstein says it was a journey similar to that of his father, who looked to religion during the same period, albeit a different religion. "They used to tell my father, 'You failed because your son became a Jew,'" Edelstein said. "He would say, 'I would be more afraid if my son was a big atheist.'"

Expelled from college for political reasons, he and his friends held odd jobs as street cleaners and security guards, each one lasting only a few months before they were found out.

The nude modeling was a godsend — steady, well-paid work in a clean, warm place. Because a famous sculptor had declared him "a god," Edelstein held on to that job even after the KGB ordered the refuseniks dismissed. But before long, he said, he was set up on drug charges and arrested.

His prison years were rough. He saw fellow inmates die of starvation. He traveled to the Mongolian border in a train compartment meant to hold four but packed with 24. In a labor camp in Siberia, he fell from a construction tower, crushing many of his bones.

He was the next to last of all the refuseniks to go free, but he did so on the eve of Israeli Independence Day in 1987. Recounting this, he ran into a back room of his apartment to fetch a shiny blue uniform, the prison suit in which he had been set free.

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Sharansky, who had been freed first, led a welcoming party of hundreds at the airport in Tel Aviv. Their partnership began: Sharansky, 11 years older, would be the ideologue, and Edelstein the practitioner, according to Sharansky.

On the latest anniversary of his arrival, Edelstein's friends gave him a big handmade card. "He was a prisoner in Russia," it said, "and he became a capo in Israel."

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G.O.P. Retreating From Hard Stand Against Abortion

By RICHARD L. BERKE

WASHINGTON — The Republican Party has undergone a fundamental repositioning, and softening, of its stand on abortion, recognizing that a more tolerant position on probably the most divisive issue in American politics is crucial to its hopes of reclaiming the White House.

Several major presidential candidates are barely mentioning abortion on the stump, if at all. Some members of Congress are concentrating on other issues, like taxes and education. Even some leaders of the anti-abortion movement have moderated their positions, all in the name of political pragmatism.

Historically, Republicans competing for the presidential nomination believed that the only way to draw support among those who vote in caucuses and primaries was to aggressively trumpet their anti-abortion bonafides. But it often came at a high cost: alienating voters in the general election.

The move to a more accommodating position on an issue that has rolled the party for two decades has alarmed some conservatives and split the Republican presidential field. Still, most party leaders seem to view that as a more palatable alternative than giving a Democrat the presidency — and the opportunity to appoint Supreme Court justices who are sympathetic to the abortion rights movement.

When the abortion issue does arise on the campaign trail, many Republican contenders frame the issue with a newly pragmatic, incremental approach. While insisting that they oppose abortion, several contenders have abandoned their push for a constitutional amendment banning all abortions.

Last week, in the most striking example, Texas Gov. George W. Bush, the early front-runner for the Republican nomination, said he would not require a Supreme Court nominee to share his anti-abortion position. The governor had already said the nation was not ready to embrace a constitutional amendment that would outlaw abortion. Elizabeth Dole, whom most polls place second to Bush for the nomination, recently expressed similar positions.

Even Pat Robertson, founder of the Christian Coalition, asserted last month that pressing for a constitutional amendment was unrealistic, saying, "A strategic, incremental goal is much more effective." He added, "We must win an election."

David N. O'Steen, executive director of the National Right to Life Committee, argued that there had been no major shift among Republicans beyond "slight changes in phraseology." But, pronouncing himself satisfied that Bush was sufficiently "a pro-life governor," he said, "Pro-lifers who truly want to save unborn children should concentrate on exposing the extreme, pro-abortion position of Al Gore rather than criticizing the pro-life position of candidates like Gov. Bush."

This new accommodation has spilled over to Capitol Hill as well. In a notable triumph of practical politics over ideology, House Republicans this year picked an advocate of abortion rights, Rep. Thomas M. Davis of Virginia, to head the National Republican Congressional Committee, which is responsible for the party's drive to retain its House majority next year.

The party has not retreated from its basic anti-abortion philosophy. Few prominent Republicans predict that the party will rewrite its platform calling for a constitutional amendment — at least not before the elections next year. Every Republican candidate for president in 2000 describes himself or herself as "pro-life."

Yet there has been an unmistakable shift in tone and emphasis, with

some candidates sounding themes encouraging personal responsibility, adoption and sexual abstinence and calling for parental consent for minors seeking abortions. If they mention the procedure at all, the focus is often more on opposing late-term abortions.

Richard N. Bond, in his swan song as chairman of the Republican National Committee in 1993, castigated the party for being preoccupied with abortion and implored Republicans to "not cling to zealousy masquerading as principle."

In an interview last week, Bond said: "We've come a heck of a long way. True believers such as Pat Robertson recognize how divisive the issue is. They recognize that a more pragmatic approach is called for. They recognize that candidates like Bush need to be given the license to communicate a sincere concern for abortion without it being a cue for intolerance."

Bond said it was time for the party to move beyond abortion-rights opponents who argue that "if you're not for our point of view, you're a baby killer and you're a bad person — and you really can't be a member of the Republican Party."

Many leading Republicans said the repositioning has been borne out of practical politics. There has been a recognition, they said, that a constitutional amendment was not realistic. Another factor is that Republicans are eager to win back the White House and have concluded that a more inclusive, tolerant position is the only way to win support.

Polls show that the public remains divided over abortion, although more and more people seem to endorse what some call a "permit but discourage" approach toward abortion.

Bush and Mrs. Dole are not alone among the Republican contenders who are carefully calibrating their positions. Rep. John Kasich of Ohio has said that anti-abortion Republicans should "lower the volume" in the abortion debate. Sen. John McCain of Arizona has called for a change in the party platform to reach out to people who support abortion. Lamar Alexander, the former governor of Tennessee, has said he will accept a running mate who backs abortion rights.

Such positions have jolted some conservatives and sharply divided the presidential field, with several of the more ideological candidates, including Gary Bauer, Steve Forbes and Sen. Bob Smith of New Hampshire, portraying their rivals as too squishy.

"It may be the virtue of pragmatism that has entered the bloodstream of the conservative movement in the Republican Party," said Patrick J. Buchanan, the conservative columnist who is running for president. "I'm frankly astonished that George Bush has put himself outside the mainstream of the party on the issue of life. He's running a general election strategy before there's a general election."

Buchanan added that when candidates cannot commit to court appointees who are anti-abortion, their "pro-life position is utterly hollow."

Staking out his position on the issue earlier this year, former Vice President Dan Quayle said, "Because my commitment is rooted in conscience rather than politics, those I select for the most critical positions in government, including my running mate or nominees to the Supreme Court, will share it."

Still, most party leaders seem satisfied with a more accommodating position.

"Part of it is a desire on the part of a growing number of pro-life and pro-family leaders to insure that their own political position is in accordance with the political reality," said Ralph Reed, the former executive director of the Christian Coalition who is now a Republican strategist. "So part of this is a measure of self-interest. The other thing is they're scared to death of Al Gore being elected president and appointing three Supreme Court justices. That would

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be a setback they wouldn't be able to recover from."

It is a far cry from only four years ago, when conservatives castigated former Sen. Bob Dole, the Republican presidential nominee who had tried, unsuccessfully, to appeal to moderates by proposing that the party's platform should note that Republicans hold varied views on abortion.

"On abortion, I thought we had a deal worked out in San Diego," Dole said in an interview. "It fell apart. But I think we've got to be an inclusive party."

Conservatives also lambasted Dole for saying he had not read the platform and did not feel bound by it.

The current shift toward moderation was also noted by Ann Stone, national chairman of Republicans for Choice, an advocacy group.

"I had to have armed guards with me at the 1992 Republican convention because we had death threats in 1992," she said. "It subsided in '96 -- they actually found us housing. But this time there are tremendous open arms."

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Patients and Abortion Foes Clash on Stem-Cell Research

By LAURIE MCGINLEY and ANN FAWCETT
Staff Writers of THE WALL STREET JOURNAL
WASHINGTON—Sen. Charlie Grassley often touts the need for more research into diseases such as Alzheimer's, Parkinson's and osteoporosis. "I hope research will lead to a day when no one has to live with a debilitating condition," he says.

Nevertheless, the Iowa Republican opposes federal funding of experiments that may hold bright promise for treating the afflictions: research on embryonic stem cells. These cells have the potential to develop into most of the body's specialized tissues, including those of the brain, heart, liver and blood. This raises prospects that they could be used someday to rehabilitate organs damaged by disease or accident.

But the research also requires destruction of the embryos. "It's the manipulation of a living organism and the destruction of that organism," says Sen. Grassley, chairman of the Senate Aging Committee and an anti-abortion advocate.

The senator's views point up the challenge facing Daniel Perry, chairman of Patients' Coalition for Urgent Research, made up of more than 38 groups pressing for government funding of stem-cell work. The coalition, which includes the American Parkinson's Disease Association, the Juvenile Diabetes Foundation International and the Christopher Reeve Paralysis Foundation, is rallying patients to promote the potential breakthroughs offered by stem-cell research. And it's trying to play down the hot-button abortion politics that are inevitably part of the debate.

"Clearly, there will be an effort to bring this into the very sad and worn debate on abortion," says Mr. Perry, who is also executive director for the nonprofit Alliance for Aging Research. "But the patients will be heard, and we think the members of Congress will make their decisions based on that." The strategy was displayed at a recent coalition press conference. Michelle Puczynski, a 15-year-old resident of Toledo, Ohio, said she was diagnosed with juvenile diabetes when she was just 13 months old and since then has "taken 14,500 injections of insulin just to survive."

But anti-abortion groups are mobilizing their own troops for the increasingly emotional battle. Funding embryonic stem-cell research "would forge new ground for active government support of research that takes human life," says Richard Doefflinger, spokesman for the National Conference of Catholic Bishops' anti-abortion secretariat. "This violates human experimentation norms because it destroys one member of the human family to help another."

The fight is bound to intensify. The National Bioethics Advisory Commission, in coming weeks, is expected to call for federal funding of some embryo research, including stem-cell studies. There is now a congressional ban on federal funding of research that results in harm to an embryo, although there's a heated dispute about whether that ban extends to stem cells.

The Clinton administration argues that

the stem-cell research can be funded, as long as the stem cells are obtained from private sources and federal researchers don't destroy the embryos themselves. The National Institutes of Health is developing guidelines, to be proposed soon, to pave the way for such funding. But dozens of members of Congress sharply criticize the administration's position.

"It's an outrageous interpretation of this law," say New Hampshire Sen. Robert Smith, a Republican candidate for president. Dozens of lawmakers, led by GOP Rep. Jay Dickey of Arkansas, have protested. They're planning to add an explicit ban on funding of embryonic stem-cell research to this year's spending bill for the National Institutes of Health, which is part of the Department of Health and Human Services.

The congressional embryo-research ban has been approved each year since 1995, but new scientific breakthroughs promise to turn this year's debate into a major brouhaha. Last fall, researchers from the University of Wisconsin-Madison and Johns Hopkins University reported that they had succeeded in isolating and culturing embryonic stem cells—something scientists had been attempting for more than a decade. The work, the University of Wisconsin trumpeted at the time, "opens the door to growing from scratch everything from heart muscle to bone marrow and brain tissue."

But the research also raises the tricky question of the source of the stem cells. The Johns Hopkins scientists derived the cells from aborted fetuses; the Wisconsin researchers got them from leftover embryos. stem cells? Is it alright to create embryos for the research, or only to use embryos that are being discarded anyway? Is a scientist who uses stem cells complicit with the act of destroying embryos?

Despite the difficulty of the issue, Dr. Cox believes the pendulum is swinging toward allowing federally funded research, because of the tremendous potential of embryonic stem cells.

That view may be right, says Republican Rep. John Porter of Illinois, chairman of the House appropriations subcommittee that handles NIH funding. Rep. Porter, who supports federal funding, doesn't believe that Rep. Dickey and his allies will be able to muster the votes to stop it.

To build support for federal funding, Tim Laschan, director of public policy for the American Society for Cell Biology, has been urging research and patient organizations to call members of Congress. In addition, he has organized briefings for con-

gressional staffers to explain exactly what embryonic stem cells are—and why they're important. "I thought that had a tremendous effect," he says.

The feelings are running high on both sides. Consider a recent exchange of letters in the newspaper Roll Call, which covers Congress. Rep. Dickey wrote, "Just because the embryo, to which I attribute the same moral status as a live human baby, is so young that it has not yet developed legs and arms and eyes, an individual does not have the right to kill that embryo to derive stem cells for research purposes."

But Joseph Bailey, a resident of Alexandria, Va., replied that his life has been devastated by amyotrophic lateral sclerosis, or "Lou Gehrig's Disease." As far as the leftover embryos at fertility clinics, he wrote, "No life will ever come from these sources, except perhaps mine and more than 100 million other Americans suffering from fatal and chronic diseases."

donated by couples who had gone through in vitro fertilization at private fertility clinics. Scientists estimate there are tens of thousands of such extra embryos stored in liquid nitrogen in private clinics.

It was in the wake of the groundbreaking research that HHS issued a legal ruling earlier this year saying that NIH could fund stem-cell research. GOP California Rep. Brian Bilbray believes such research is badly needed. "Literally, it's a breakthrough that can put people back on their feet," he says.

But opponents argue that funding embryonic stem-cell research isn't necessary. New studies, they note, suggest that adult stem cells may be able to do some of the same things as embryonic stem cells. "Why engage in the legality or illegality, morality or immorality of it when it's just not necessary?" says Sen. Sam Brownback, a Kansas Republican. Mr. Perry counters that establishing a "no-fly zone," in which adult cells could be used by scientists, but not embryo cells, would stifle research.

The complex ethical questions involved in the research are stirring debate across the country. David Cox, professor of genetics and pediatrics at Stanford University, says the central questions include: How should the medical potential of the stem cells be balanced against the requirement that embryos be destroyed to get the cells? What are acceptable sources for human

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THE WALL STREET JOURNAL
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After Hiding for Months, Albanian Is Local Hero

By CARLOTTA GALL

PRISTINA, Yugoslavia — Veton Surroi believes he owes his life to looters in a utility truck. The prominent publisher, a member of the Albanian delegation to the Kosovo peace talks in France last spring, was one of the few leaders of the Albanian community to remain in Pristina throughout the last three months of turmoil and survive.

Once, on one of his rare ventures outside to swap safe houses, Surroi saw three armed men climb out of a special police car and come toward him.

"I was scared as hell," he recalled in an interview Sunday in the looted offices of his newspaper, Koha Ditore, Kosovo's main Albanian-language daily.

"I was saved by a utility truck that came by," he said. The men in the truck were looters and drew the interest of the police. "I went quickly down a side street. It gave me time to get away."

It was just one of several close shaves in the 11 weeks he lay low in Pristina, Kosovo's capital, evading Serb police squads and paramilitary groups who were herding Albanians out of the city and hunting down eminent intellectuals.

Surroi was almost certainly a target. After the human rights lawyer Bayram Kelmendi was killed on March 24 on the first night of violence in Pristina, Surroi went underground.

He has emerged as something of a hero to local Albanians, one of the few who stuck it out throughout the NATO bombing and the Serb rampage, refusing to flee to neighboring Macedonia or Albania. He looks weary, a little thinner, with dark smudges under his eyes and a closely trimmed beard.

Sitting smoking his trademark pipe, he said the decision to stay was a moral one. "I thought that as somebody who signed the Paris accords, I had taken some responsibility and could not go out. I thought 'I am going to suffer the consequences.'"

"Also the people here in Koha Ditore, we are kind of a family. I was absolutely not going to leave while others were here."

Surroi, son of a Yugoslav diplomat, who grew up largely abroad and speaks fluent English and Spanish, also admitted that he had misread both Yugoslav President Slobodan Milosevic and NATO.

"I thought it would be shorter. I had miscalculated Milosevic and overestimated NATO. I thought they would move much faster in their targeting. The first week they looked like the sisters of mercy. It drove me crazy."

Although Surroi routinely denies any political ambitions, he is often mentioned by diplomats and foreign observers as a potential political leader of Kosovo. His stint underground in Pristina is likely to enhance his image among local Albanians.

Asked what he intends to do now, he joked: "First, I am thinking how to get an espresso machine into the office." His newspaper offices were looted of equipment and his printing presses across town were destroyed. On top of that, Pristina still has no water and there is not a single cafe in town serving coffee, the favorite drink of the Balkans.

"We need strong democratic institutions. Koha Ditore is a strong institution and has survived," Surroi said, drawing on his pipe. "It needs to be independent and a pillar of society through which citizens can be informed."

Surroi clearly intends to rebuild his new paper, which for the past six weeks has been published in Macedonia by some editors who did escape. He wants, he said, to help nurture new political figures and parties.

He is critical of the two men who are currently the main rivals for the political loyalty of Kosovo Albanians — Hashim Thaci, the young commander from the Kosovo Liberation Army, and Ibrahim Rugova, the writer long seen as the leader of Kosovo's Albanians, who has lost ground over the past year to the KLA and whose image suffered during the war because of his televised meetings with Milosevic.

The two should help to form a consensus government that would work closely with the U.N. mission that is to run Kosovo for the foreseeable future, Surroi said. Elections should not be held before next spring or summer, he said.

Despite strong urging from the international community, Thaci and Rugova have not met since the Kosovo peace talks collapsed in March after the Albanian delegation signed an accord but the Yugoslavs refused, Surroi said.

Rugova, who initially stayed in Pristina and went to Belgrade, the Yugoslav capital, on at least two occasions to see Milosevic, eventually left in May for Italy. Thaci's whereabouts are difficult to determine — he is often in Albania's capital, Tirana, but also in Kosovo with his guerrillas.

Surroi, by contrast, can say with truth that he has suffered along with the people of Kosovo.

Recalling his time in hiding, he said the low point was staying with four families crammed into one house and realizing that his presence was endangering them. "I was thinking, 'Why should they pay the price, why is my life worth more than that of a 13-year-old kid?'" Surroi said.

That pushed him to move another time. His only moments outside were the four times he changed his hiding place. He believes he was not caught because he avoided the telephones, which he said police were tapping, and which soon went down anyway. He was careful even about garbage that might give away his presence, he said.

He started out staying with relatives, and ended up in the homes of vague acquaintances. His 64-year-old mother was with him all the time. "She is a strange kind of revolutionary," he said, laughing.

END

Surroi

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Podesta

Clinton ignores Cuba drug trade, lawmakers find

By Jerry Seper
The Washington Times

The Clinton administration, which seeks to normalize relations with Cuba, is attempting to cover up that island nation's active involvement with Colombian drug dealers who smuggle tons of cocaine into the United States each year.

A confidential congressional investigation has concluded that Cuba is a major transit point for "illicit narcotics" bound for the United States; that White House efforts to normalize relations with President Fidel Castro are "ill-advised"; and that the State Department was wrong in denying Cuba's role in the shipment of 7 tons of U.S.-bound cocaine seized in December.

Evidence of the suspected cover-up, gathered during an extensive House investigation and reviewed by The Washington Times, comes as the administration continues to seek normalization of relations with the Cuban regime. Two State Department officials are headed to Cuba today for talks to further the White House's goal of bringing the two nations together.

The probe's conclusions, based on an inquiry that began in December after Colombian National Police seized more than 7 tons of cocaine at the Port of Cartagena, have been sent to the House Committee on Government Reform, the House International Relations Committee and the Senate Foreign Relations Committee.

On Dec. 3, Colombian police seized \$1.5 billion worth of cocaine hidden in six cargo containers with false compartments. The shipment was addressed to a company in Havana, although Cuban officials later said the drugs were bound for Spain. The head of Cuba's anti-narcotics police said the firm to which the containers had been consigned, Union del Plastico, was owned by two Spanish businessmen.

But House investigators found that while the businessmen owned 49 percent of the company and served as purchasing agents for several Spanish firms, the remaining 51 percent was owned by the Cuban government. The two men later were arrested in Spain, questioned and released when Spanish authorities determined there was no evidence they knew anything about the cocaine.

In May, Republican Reps. Dan Burton of Indiana and Benjamin A. Gilman of New York, chairman of the two House committees, asked the State Department — based on the preliminary results of the House probe — to add Cuba to the "majors" list of countries that traffic in illicit narcotics, requiring them to go through the annual certification process to measure its performance in the war on drugs.

Because the administration has interpreted the certification law to apply only to those countries through which U.S.-bound drugs pass, the State Department argued against placing Cuba on the list. In

a letter signed by Assistant Secretary of State Barbara Larkin, the department said the U.S. Drug Enforcement Administration had "evidence" the Cartagena shipment was not being routed through Cuba in the United States but was bound for Spain.

Mrs. Larkin wrote, "The U.S. Drug Enforcement Administration (DEA) has informed the State Department that evidence suggests this seized drug shipment was headed towards Cuba and was destined ultimately for Europe, particularly Spain, not the United States."

But the DEA, which received a copy of the Larkin letter from House investigators, said it had not seen the document before it was sent and disputed its conclusions. William E. Ledwith, chief of international operations, said the letter should have said: "The U.S. Drug Enforcement Administration and the Colombian National Police have evidence that shows this seized shipment was headed to Cuba. Cuban reporting contends that the shipment was destined for Spain, however, we have been unable to corroborate that information."

Mr. Ledwith added that the DEA is actively involved in monitoring drug-trafficking activities in the Caribbean "and that we place particular emphasis on Cuba."

House investigators concluded there was no evidence the seized shipment "was headed for anywhere but Cuba" and, based on normal drug-trafficking routes, ultimately to the United States by way of Mexico.

"Simply put, the evidence clearly points to Cuba as a major transiting nation for drugs entering the U.S.," investigators said. They also said Spanish drug enforcement authorities reported that no major shipment of illicit narcotics had ever been detected coming into Spain by way of Cuba.

In a letter to Secretary of State Madeleine K. Albright, Mr. Burton and Mr. Gilman said "extensive evidence" gathered by House investigators — along with information from Colombian National Police and senior DEA officials — led to the conclusion that the "likely destination" of the seized shipment of cocaine was the United States.

"These conclusions that drugs are transiting through Fidel Castro's totalitarian dictatorship to the United States are particularly troubling as the administration begins its ill-advised normalization efforts with the Cuban regime," they said in the letter.

Cuban officials have denied the country is a drug transit center, saying they are doing everything possible to stop smuggling. Critics charge the traffic has Castro's tacit, if not direct, approval — noting that the Cuban military scrambled MiGs to shoot down two aircraft flown by Cuban-Americans over the Florida Strait in February 1996 but are unable to scramble MiGs to defend its airspace from smugglers.

The Washington Times

MONDAY, JUNE 21, 1999

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6-23-99

Put greater focus on prevention

ANOTHER VIEW Reactive measures do little to deter crime.

By Delbert S. Elliott

Since the deadly events at Columbine High School, parents, students, educators, community leaders, legislators and others are searching for answers. We cannot accurately predict individual events such as the terrible bloodbath in Littleton, Colo. But we can greatly reduce the likelihood that such events will occur.

The raucous debate over gun-control legislation is like rearranging the deck chairs on the Titanic. The proposals would have minimum effect on the rate of gun violence and wouldn't have prevented Dylan Klebold or Eric Harris from carrying out their diabolical plan.

Instead of reactive responses such as longer sentences and waving kids into adult criminal courts, neither of which deters subsequent offenses, the federal government has a far more important role to play in facilitating the prevention of violence.

We have some effective violence-prevention programs and know how to make our schools and communities safer. Moreover, these prevention programs cost less than reactive, "get

tough" policies popular among politicians. One million dollars invested in an effective prevention program prevents four times as many crimes as it would if invested in prisons.

The federal government should take the lead in identifying and promoting effective prevention programs and interventions. While schools and communities have identified some effective programs, few have the resources to undertake a rigorous scientific evaluation.

Without federal support, promising programs developed in local communities will never be carefully evaluated, and our repertoire of proven programs will not grow. Government can also play a critical role in disseminating information about model programs and providing technical-implementation support.

An example of pro-active federal support is the Office of Juvenile Justice and Delinquency Prevention's Blueprints for Violence Prevention initiative. It provides technical assistance and training to communities and schools that implement model violence-prevention programs. This type of federal partnership is crucial if we are to bring a measure of peace to our schools and communities.

Delbert S. Elliott is director of the Center for the Study and Prevention of Violence at the University of Colorado, Boulder, Colo.

'B' is for 'busted deadline'

Los Angeles got its first whiff of the Y2K computer bug last week. Literally.

About 4 million gallons of raw sewage spilled out of a waste treatment plant into a city park during a Y2K test.

At least the city is preparing to avert greater calamity comes the New Year, which is more than many other state and federal government agencies can claim. They continue to treat Y2K like any other deadline — one to be missed. With just 194 days to go, that could mean far worse than spilled sewage.

The Clinton administration boasts that, after spending billions of dollars, 93% of the federal government's "mission critical" computer systems are Y2K ready. That is, the computers won't read year 2000 as year 1900 and spit out wrong data or crash altogether. And a Y2K report card released by a House committee last week raised the federal government's readiness grade up from a "D" last fall to a "B-".

But a closer look finds that of 43 important federal health and safety programs, only Social Security and the Weather Service are ready for the new millennium. The House report said

that child nutrition programs, disaster relief, Medicaid, Medicare, federal prisons and the air traffic control system are among those that haven't completed tests or prepared backup plans. Seventeen of the programs can't say when they'll have the bug exterminated.

Even if these programs get their acts together, recalcitrant state governments — which help administer several federal programs — could bollix things up for many people dependent on federal help. An Office of Management and Budget report out last week found that several states won't wrap up their computer fixes until late this year.

That will leave almost no time for full-scale testing, crucial to making certain the software repairs didn't spawn any other bugs. Computers at a Pennsylvania nuclear power plant crashed for seven hours during a February Y2K test, for instance.

The progress governments have made to date may be comforting to bureaucrats who view a "B" as a good grade. But when the country graduates into the next millennium, only straight "A's" will be sufficient.

6-23-99



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

forward
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POCUS

Podesta

only real chance
of good budget is Congress
at the end over big issues

Be

THE DIRECTOR

June 15, 1999

MEMORANDUM FOR JOHN PODESTA

FROM: Jack Lew 
SUBJECT: Additional International Affairs Requirements

Because I share the President's and the Secretary of State's frustration that Congress has been unwilling to fully fund our foreign policy efforts, I thought it was important to highlight potential conflicts that the Congress may present to us. We will make every effort to secure the full amount of the President's FY 2000 request for the Foreign Operations appropriation (which was \$1.7 billion above the FY 1999 enacted level, excluding emergency and arrears appropriations). However, new initiatives will put pressure on our initial requests and I fear we are likely to confront a limit with regard to what Congress will accept by way of increased funding.

Copied
Lew
Podesta

Secretary Albright and I agree that there are significant budget pressures building on the FY 2000 foreign assistance spending, due to the combination of sharply lowered Congressional budget allocations and contemplated new Administrative initiatives. *The shortfall significantly exceeds what Congress appears willing to fund in the Foreign Operations appropriation.*

The attached table shows in summary form the President's FY 2000 budget request, and the initial budget allocations to the Foreign Operations appropriations subcommittees. At the moment, without any new Administration initiatives – and assuming for the moment that Congress does not provide more funding to these subcommittees – there would be a shortfall of \$1.9 billion in the Senate. While the House allocation is currently \$4.2 billion below the request, it is our understanding that House Appropriations Chairman Young intends to increase the Foreign Operations allocation to a level similar to the Senate.

The table also shows new initiatives the Administration is considering. These initiatives are all individually worthy, however, they are likely to compete for dollars to make up the FY 2000 shortfall in foreign assistance. These include:

- ✓ Kosovo reconstruction and the related costs of civil administration and programs to promote democracy and economic recovery (this is an early estimate and the number may go higher);
- ✓ The Southeastern Europe Economic Integration initiative, to help promote stability in the Balkans;

- ✓ The President's initiative to expand debt reduction for the poorest countries;
- ✓ The unfunded portions of the FY 1999 Wye River assistance package for Israel and the Palestinians; and
- ✓ A possible initiative to increase U.S. bilateral funding on global AIDS prevention.

If all these initiatives were funded, the total shortfall could equal \$3.4 - 4.2 billion. We think the Congress will agree that many of these initiatives are worthwhile and that they may fund them. Unfortunately, Congressional funding for the initiatives could easily come at the expense of Foreign Operations base programs, many of which the President supported strongly. These include:

- increased assistance to the NIS, including the initiative to deal with weapons of mass destruction;
- ✓ increased USAID assistance to Africa to fulfill the President's promise to return aid to "historic levels" and to fund the Great Lakes and other Presidential initiatives in Africa;
- increased funding for the US Export-Import Bank to help US exporters respond to the global financial crisis; and
- ✓ the minimum annual payment of \$107.5 million for the Global Environment Facility, plus a third of the remaining US arrears.

In recent budget negotiations, we have reached the limit of congressional willingness to add foreign operations resources before we have exhausted overall resources available. Attached is a comparison of our request to enacted levels with illustrative cases of funding shortfalls in key "base programs."

In the days ahead, we will work on options that may be "out of the box" to increase the total resources available for these purposes. Nonetheless, I think we will still need to reconcile these initiatives with the particularly acute Foreign Operations constraints we face this year. That will require an assessment of both the merits of each of these initiatives and the best mechanism for securing adequate funding (e.g., emergency supplemental request and a significant push in end-game budget negotiations). We will be best able to balance these competing objectives if we are less specific about the timing and amount of new commitments until we have an overall plan. And even with this approach, we may be presented with some difficult choices by the Congress.

Foreign Operations
Potential Unfunded FY 2000 Requirements
(\$ millions)

	<u>House</u>	<u>Senate</u>
FY 2000 Request	14,601	14,601
302(b) Allocation	10,356	12,679
Unfunded Request	4,245	1,922
<u>Potential Additional Requirements</u>		
Kosovo	300-500	300-500
SE Europe Initiative	200-300	200-300
Wye River (unfunded FY 99)	800	800
Expanded Debt Initiative	200-500	200-500
Global AIDS Initiative	50-100	50-100
Total Additional Requirements	1,450-2,300	1,450-2,300
Total, Unfunded Request plus Additional Requirements	5,695-6,545	3,372-4,222

FUNCTION 150 - REQUEST VS. ENACTED
(\$ millions)

	<u>Request</u>	<u>Enacted</u>	<u>Request - Enacted</u>
FY 1996	21,211	18,417	2,794
FY 1997	19,243	18,269	974
FY 1998	19,451	18,574	877
FY 1999	20,150	19,709	441
<u>Foreign Operations FY 1999</u>			
Foreign Operations (Total)	14,048	12,908	1,140
Economic Support Fund	2,514	2,383	131
Assistance to the NIS	925	801	124
Global Environment Facility	300	193	107

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THE WHITE HOUSE
WASHINGTON

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June 15, 1999

MEMORANDUM FOR THE PRESIDENT

CC: John Podesta, Sandy Berger, Jim Steinberg, Tony Blinken, Gene Sperling

From: Sidney Blumenthal *SB*

Subject: Reconstruction

Success in the war will be marked, in great part, by the building of a new Europe. Reconstruction in the Balkans should be analogized to the Marshall Plan. Through reconstruction we will integrate the Balkans into Europe, insuring that the sources of strife that produced the war are replaced by a foundation for peace. The fact that this task will prove difficult should be embraced; it should not be a cause for hesitation. Even emphasizing the hard nature of the work ahead would underline the Administration's momentum and forward-looking direction.

The President should put himself at the head of the reconstruction efforts. The declaration of the foreign ministers and our insistence that the bulk of the funds come from the Europeans should not in any way prevent the President from being decisive in his initiative or his statements. (It's worth recalling and stressing to our Allies that while the U.S. investment in the Marshall Plan was sizeable, 80 to 90 percent of the capital formation in its first two years came from Europe itself.) The reconstruction effort provides an unparalleled occasion for an articulation of the President's larger vision of the post-war West and placing that vision within his foreign policy as a whole. The President should not allow announcements or gestures by others, or even joint declarations that include the U.S., to preempt his broader statements. To the public, not only in the U.S. but across Europe, these events make a faint impression until the President identifies himself with them.

The President should be the one to announce the Stability Pact and the Donors Conference, even if news about them is floating around. Only a few people will be aware of them; it is the President who will give them drama and significance. The relaunch will be, in effect, the launch.

Reconstruction will offer concrete substance to our other motives for fighting the war. It will not be an abstract principle. The funds will ground the moral cause and demonstrate our ultimate seriousness. Just as the war has been cast as the final war of the 20th century, ushering in a new era in the 21st, the President should cast reconstruction as completing the work of Wilson,

6-23-99

Roosevelt and Truman while setting a new direction. It would be apt for the President to refer to Wilson's dream of a democratic Europe, of international cooperation and of an internationalist U.S.; of FDR's Four Freedoms—the Kosovo war, it can be rightly claimed, was dedicated to fulfilling freedom from fear; of Truman's revitalization of a democratic western Europe through the Marshall Plan and of his defense of the West through NATO. In each of the three great world struggles of the 20th century, American presidents had a progressive conception of the peace. Now, at the end of the Kosovo war, those American ideals can be more realized than ever. It would also be appropriate to note that extreme partisanship after World War I prevented a U.S. role in the international arena and was a contributing factor to World War II, while responsible bipartisanship made possible the positive U.S. role in the world after World War II and led to the spread of prosperity and democracy. Today, too, the stakes of the future are high. Once the President is advocating reconstruction, he cannot say often enough that the national interest must be put above any short-term partisan interest.

The President's statements in Europe are likely not to get the full resonance they deserve. This is the usual fate of remarks made on foreign trips. No one should count on a sudden historical understanding among the media to remedy their routines. Though a reconstruction package is likely to be proposed months from now, it should begin to be treated as an immediate issue. The natural instinct, upon coming home from the trip, will be to turn instantly to domestic issues. Of course, the President should engage them as energetically as possible. He might even consider asking for a joint session of Congress to launch his post-war domestic program. But the President should not miss the opportunity now of setting the reconstruction issue in place properly. He should consider giving at least two speeches upon his return—one laying out his vision of the West in the 21st century and how reconstruction will make that possible; another would explain how our international objectives in reconstruction mesh with our domestic priorities, especially in terms of the budget. The President must repeatedly point out that the money we put in will be returned manifold and he should cite the Marshall Plan as the precedent.

How the President deals with reconstruction will be seen as an integral aspect of how he conducted the war. Further, the elites will watch the President carefully on this issue. If he takes the lead, he can rally them to his banner of new internationalism and turn them against Republicans who do not act like the post-World War II bipartisan icon, Senator Arthur Vandenberg. Beginning with the G-8, foreign policy will be analyzed in the most influential editorial pages through the reconstruction question. Paradoxically, the greater the static the more those pages will take the side of the President. This controversy will feed a general view of the uncooperative Republicans and has the potential of becoming early on a central issue in the presidential campaign—an issue that gradually polarizes to the Democratic advantage. Reconstruction is the resolution of the point that we are the natural guardians of stability, national security and global prosperity.

While the Administration has wisely contained itself from celebrating the victory before the Kosovars return to their homes, we will have a national celebration in any case—July 4th. Would it be untoward to invite contingents of the air forces from Britain, France, Germany, the Netherlands, and Italy to join the U.S. Air Force in an extended air show over Independence

THE PRESIDENT HAS SEEN

6-23-99

Mall before the fireworks? It would not be inappropriate for the President to have as guests any of the NATO leaders, or simply Secretary-General Solana, who might choose to watch with him from the Truman Balcony.

6-23-99

THE WHITE HOUSE

WASHINGTON

June 15, 1999

RECOMMENDED TELEPHONE CALLS

*Copied
Stein
Podesta*

TO: Representative Vic Snyder (D-AR)
(202) 225-2506

Representative Loretta Sanchez (D-CA)
(202) 225-2965

Representative Bob Etheridge (D-NC)
(202) 225-4531

Representative Mike McIntyre (D-NC)
(202) 225-2731

Representative Nick Lampson (D-TX)
(202) 225-6565

DATE: Tuesday, June 15, 1999

RECCOMENDED BY: Larry Stein *LS*

PURPOSE: To urge wavering House Democrats to support the McCarthy amendment related to gun shows.

BACKGROUND: As you know, the Republicans are planning to divide the juvenile justice/gun package into two separate bills: one relating to juvenile justice and "cultural" issues, such as video games and lyrics, and the other relating to guns. The purpose of this maneuver is to decrease the likelihood of a strong youth safety/gun package passing the House.

Rep. McCarthy is offering a bipartisan amendment which, similar to the Lautenberg amendment that passed in the Senate, would close the gun show loop hole and extend the same Brady background checks we know work to all sales at gun shows. While the NRA claims that this would govern every sale and create all sorts of new red tape, that's just not true. Like the Lautenberg amendment, the

6-23-99

McCarthy proposal simply builds on the Brady background check and federal gun dealer systems that have been in place for years.

In contrast, Rep. Dingell is offering an amendment that will weaken the Senate-passed bill by shortening the period for Brady background checks from three business days to just 24 hours.

TALKING POINTS:

- I understand that this is a difficult issue for you and many other members. We're trying to keep the focus on gun safety and keeping guns out of the hands of kids and criminals. This is not an issue about gun control, as much as the NRA and the Republicans want to say it is.
- Passage of the bipartisan McCarthy amendment is critical to whether or not the House passes a bill I can support.
- If the House fails to include the McCarthy amendment, or if the Dingell amendment passes, the House will have given the American public legislation that has a gaping gun show loophole. For instance, if the current House proposal to put a 72-hour time limit on background checks at gun shows applied to the FBI's National Instant Check System (NICS), the Justice Department estimates that 22 percent of the fugitives and felons that have been denied guns -- or more than 9,300 over the past 6 months -- would have them today.
- The vote on the McCarthy amendment will be very close. I would really appreciate your help.

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- Vic Sanchez
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DATE OF SUBMISSION:

June 15, 1999

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Florida Gives Kids An Alternative To Failing Schools

By JES BUSH

Today Florida will take a giant stride forward in ensuring that schools serve children and their families when I sign into law the Bush/Brogan A+ Plan for Education. The plan puts the educational needs of every student above the bureaucratic needs of the system. Here's what it does:

- **Assesses student learning.** For the first time, Florida students in grades three through 10 will be tested annually on their progress. Each student's test results will be sent home to his parents.

- **Raises standards by ending "social promotion."** No longer will students advance to the next grade without mastering the skills of their grade level. At the same time, the state is dramatically increasing its funding for remediation efforts.

- **Grades schools.** Florida will rank every public school on an A-to-F scale, based primarily on student learning. The grades will be sent home to parents and posted on the Internet.

- **Rewards educational success.** Schools that move up a grade and schools that receive an A will receive a bonus of \$100 per student.

- **Helps failing schools.** Schools that receive a D or F grade will receive state and local assistance to turn around quickly.

- **Provides an alternative for students in failing schools.** If a school receives an F for two years, all children in that school will receive an Opportunity Scholarship that will allow them to attend another school of their choice—public, private or parochial. This first-in-the-nation state-wide accountability measure will ensure that kids are no longer trapped in chronically failing schools. In order to receive the scholarships, private schools will have to accept all students who apply, must meet health and safety standards, and accept the value of the scholarship as full tuition.

Defenders of the status quo have argued that Opportunity Scholarships will destroy the public education system. But early reports demonstrating quite the opposite. In Fort Lauderdale, the Broward County school superintendent is preparing for the A+ Plan by assigning experienced principals and assistant principals to serve as advisers to schools with lagging test scores. Broward County schools have also begun a pilot program to improve the skills of students who read far below grade level.

In Miami, two high schools have added more classes. Miami High will become the first school in Dade County to require all students to take eight 90-minute classes instead of six two-hour classes. And a representative of the Hillsborough County public schools told the Tampa Tribune that the school board is "working on a plan to help schools with marginal grades, so that none ends up failing."

Local school officials have been remarkably candid about the reason for their sudden interest in the plight of poor-performing students and schools. An associate superintendent told the Miami Herald: "No one wants to see their schools get on the list." In Gainesville, a school board member told her local paper that "I'm going to work very hard to make sure that none of the parents in Alachua County need a voucher."

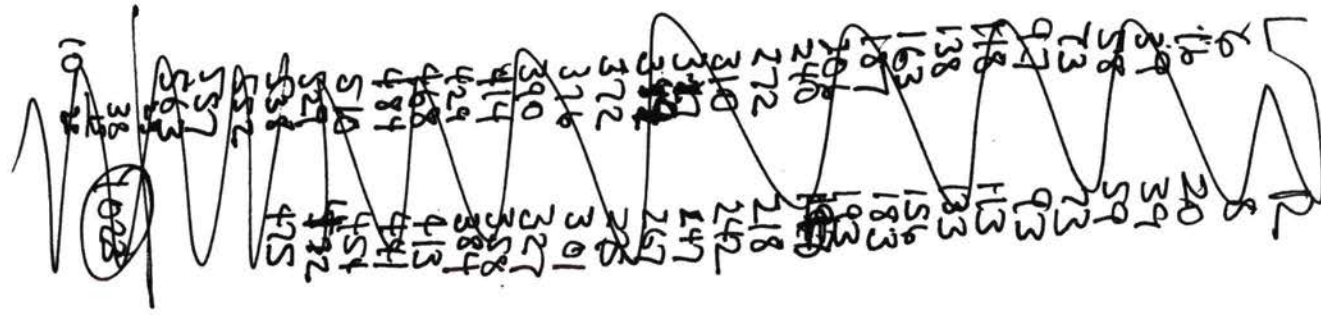
This fall, children at two chronically failing elementary schools in Pensacola will be the first students to receive Opportunity Scholarships. Four of Pensacola's five Catholic elementary schools are ready to accept students. More than 100 parents recently attended an informational meeting regarding their new educational options. One mother's comments hauntingly captured the apathy of the present system: "I had three older children who went to Bibbs [Elementary School], and they're not doing exceptionally well. If this had been around years ago, maybe they wouldn't have fallen through the cracks."

Opportunity Scholarships arrived too late for this mother's three older children. But no other child should ever have to fall through the cracks.

Mr. Bush, a Republican, is governor of Florida.

THE WALL STREET JOURNAL

MONDAY, JUNE 21, 1999



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THE WHITE HOUSE
WASHINGTON

Tab A - copied Yellen, Podesta
copied pp. 3-4 Reed, Podesta
copied p. 7 HRC, Podesta
Tab C - copied Sperling, Podesta

MR. PRESI

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- (C) NE
- (D) DPC (to be forwarded)
- (E) Tramontano Report
- (F) CEQ
- (G) OSTP
- (H) Legislative
- (I) Communications
- (J) Public Liaison
- (K) Race Initiative
- (L) Intergovernmental
- (M) Indian Country
- (N) Cabinet Affairs
- (O) Political Affairs

Sean Maloney 

6-23-99

THE WHITE HOUSE
WASHINGTON

June 12, 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 (to be forwarded)**
- (E) **Tramontano Report**
- (F) **CEQ**
- (G) **OSTP**
- (H) **Legislative**
- (I) **Communications**
- (J) **Public Liaison**
- (K) **Race Initiative**
- (L) **Intergovernmental**
- (M) **Indian Country**
- (N) **Cabinet Affairs**
- (O) **Political Affairs**

Sean Maloney 

6-23-99

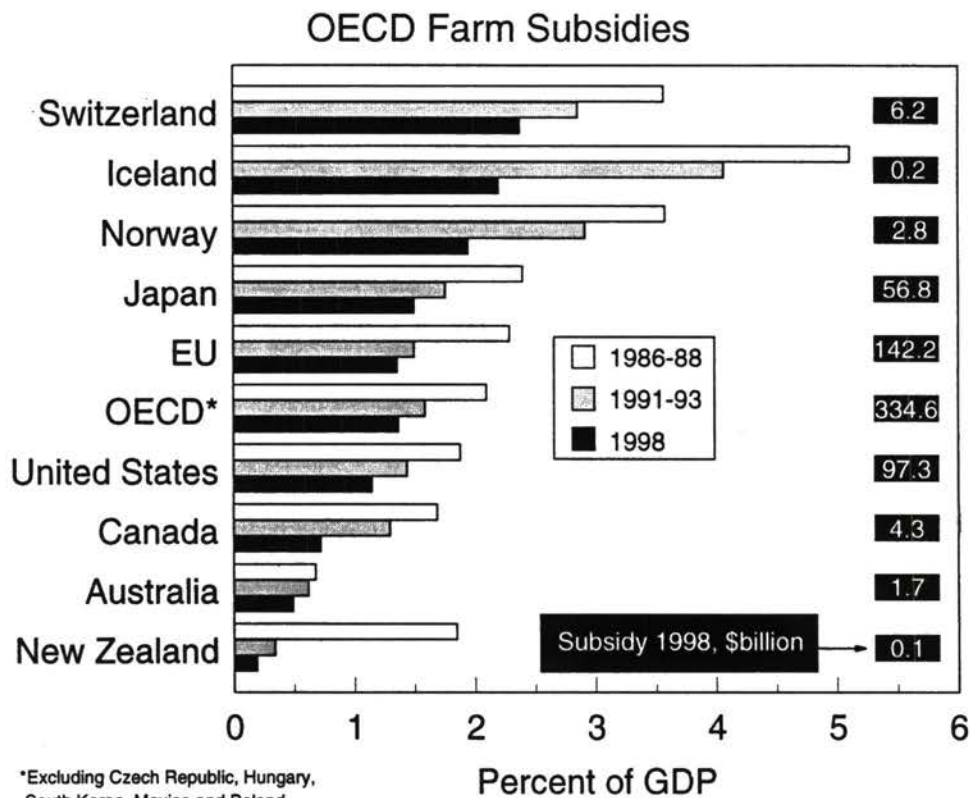
WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

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

June 11, 1999

*Copied
Yellen
Podesta*

CHART OF THE WEEK



As in most OECD countries, farm subsidies in the United States have declined as a share of GDP. OECD projections show that, in 1998, U.S. farm subsidies were a slightly smaller percent of GDP than those of the EU or the OECD as a whole (excluding the newest member countries).

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"Forget about me—save Social Security."

SPECIAL ANALYSIS

Defined Contribution Plans May Deliver the Benefits

Will the trend away from traditional defined benefit (DB) pension plans toward 401(k)-type defined contribution (DC) pension plans reduce the adequacy of future retirees' private pension benefits? A recent study suggests not.

DB plans appear to be more generous. Current retirees with DB plans tend to have more pension wealth than those with DC plans. For example, an analysis of workers aged 51 to 61 in 1992 found that those with a DB plan on their current job had more than twice the median pension wealth in their current plan than did those with a DC plan. When pensions from past jobs were included, median DB wealth was found to be 50 percent greater than median DC wealth. However, a number of factors other than the characteristics of the pension plans could have contributed to these differences in pension wealth, including differences in salary and job tenure between workers covered by the two types of pensions in the past. In addition, many more workers today have DC plans, the plans may be more generously funded by employers, and workers' contributions and investment allocations may be different from those representative of past DC plans.

A different comparison. To see whether today's workers will have better or worse pension benefits than current DB beneficiaries, the new study develops a methodology for comparing today's DC plans with yesterday's DB plans. In particular, it looks at a representative sample of DB plans in 1983 and a representative sample of DC contributions and investment allocation patterns from 1995. It simulates earnings histories and stock market returns and generates probabilistic distributions of pension benefits for the same group of people under the two different kinds of plans. The key finding is that the DC plans generated higher benefits than the DB plans in 80 percent of the cases.

Risks and rewards. The trend away from DB plans entails a major shift of responsibility and risk from employers to workers. In a typical DB plan, the employer takes all the responsibility for providing the worker with a guaranteed retirement income for life; in a 401(k) plan the worker has the responsibility for saving and investing to accumulate funds for retirement and for managing those funds to provide retirement income. With DB plans, the nominal benefits of workers who leave a firm are usually frozen. With 401(k) plans, assets are portable and can continue to grow after workers leave a firm—as long as they reinvest rather than spend their lump-sum distributions. Similarly, workers with 401(k) plans bear the risk for poor investment choices or market performance.

The cloudy crystal ball. The new study's findings suggest that, relative to past DB plans, current DC plans provide ample reward for taking on these responsibilities and risks. The mean DC benefit was 2.4 times the mean DB benefit, while the DC benefit at the tenth percentile of the DC distribution was only 20 percent smaller than

the corresponding tenth percentile DB benefit. Even quite risk-averse individuals, if asked to choose in advance, might judge that the expected benefit in the DC plans was enough higher to outweigh the greater risk.

Future pension benefits are uncertain, of course, because they depend on future stock market returns and real wage growth, as well as on workers' job mobility and whether they save or spend their pension accounts when they change jobs. The study found that the DC plans provided higher average benefits even under assumptions that were relatively disadvantageous to DC plans such as lower stock market returns. It also found that workers could end up with as much pension income under today's DC plans as under yesterday's DB plans even if they saved only a quarter to half of their DC plan assets when changing jobs. Saving at least that much may be common, as evidenced by other data showing that the fraction of workers who reinvest their entire lump sum distribution rises from about half among those aged 35 to 44 to three-fourths among those aged 55 to 64.

Implications. Current DC plans appear to measure up quite well to past DB plans, suggesting that the historical shift to DC plans will not lead to lower pension benefits in the future. However, the analysis does not allow us to draw conclusions about the future outcomes likely under current DC plans and current DB plans, because current DB plans are probably better than their 1983 counterparts and current DC plans are likely to produce a wider distribution of outcomes than current DB plans. Additionally, one response of workers facing greater financial market risk in their private pensions may be to place even greater value on a public pension benefit system that does not carry such risk.

SPECIAL ANALYSIS

The Economics of Inmate Labor

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Direct economic impacts are likely to be small. Even if every prisoner in the United States were employed full-time, prison labor would account for only 0.2 to 0.4 percent of GDP. Such small effects reflect two factors. First, the size of the inmate population is less than 1 percent that of the non-institutionalized civilian labor force. Second, the productivity of prison labor is likely to be low. Prisoners are unskilled relative to the workforce as a whole. Inmates are 2.4 times more likely to lack a high school diploma or GED than are those in the non-institutional U.S. population. High turnover and disruptions due to periodic lockdowns are structural impediments that limit productivity in work conducted inside prisons.

Recidivism. Given the low skills of the inmate population, providing prisoners with a chance to gain work experience could improve their post-release employment. Studies have estimated that prison labor reduces recidivism by between 3 and 20 percent. Some of the major benefits of reduced recidivism include reduced costs to victims of crime, reduced costs of incarceration, and reduced court costs. It also means better outcomes for the prisoners themselves. While prisoners constitute a small fraction of the overall population, 28 percent of black men are estimated to spend time in prison during their lives, so that improved post-release outcomes for prisoners generally should be particularly beneficial for black men.

Would non-inmate labor be hurt? The small size of the potential inmate labor force relative to the overall labor force means that overall wages and employment would be relatively unaffected by an influx of prison labor (paid the prevailing wage for unskilled labor). However, workers who are demographically similar to the inmate population and for whom prison labor could be viewed as a substitute, might

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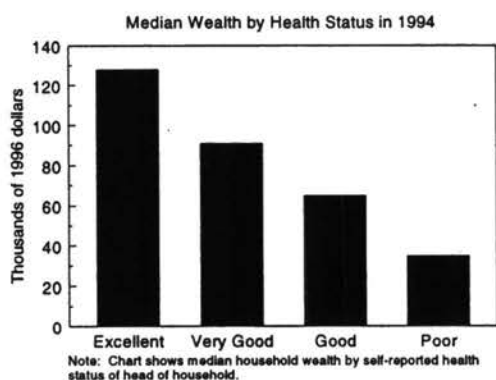
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Implications. The positive benefits of opening prisons to private employers (decreased recidivism) may well outweigh the costs (minimal negative wage and employment effects on other unskilled workers). However, firms may be reluctant to use prison labor because of the low productivity of inmates and the high costs of producing in a prison environment.

Health and Wealth

Health and socioeconomic status (SES) are strongly associated in industrialized countries. While debate among medical scientists tends to focus on the linkages from low SES to poor health, a new economic study also examines more complex linkages, including how poor health affects SES.

The association. Median household wealth varies substantially by health status (see chart). This association shows up for all age groups and is not just a middle- or late-



life pattern. *Changes* in health status are also associated with *changes* in wealth. The study finds, for example, that the median wealth of Americans who reported that they were in "very good" health in both 1984 and 1994 rose from \$66,300 to \$100,000, while the median wealth of those reporting that their health declined from "very good" to "fair" or "poor" fell by over 50 percent, to \$31,000.

The effect of health on wealth. The study examines data from two national surveys of older Americans and finds that episodes of poor health can have potentially large impacts on household wealth. In a sample of those aged 51 to 61 in 1992, for example, the onset of a mild new health condition was associated with a decrease in wealth of \$3,620, and the onset of a severe condition was associated with a decrease of \$17,000 or 7 percent. Research indicates that increased out-of-pocket medical expenses and lower earnings from reduced work account for only part of these reductions in wealth, with the rest currently unexplained.

The effect of wealth on health. Much analysis of the link from wealth to health has stressed class differences in behavior. Smoking remains more prevalent among those with lower incomes, for example, even though all groups have seen a decline. Poor people also have less access to health care. While acknowledging these effects, the study finds that health disparities by economic status are only partially mitigated when researchers adjust for risky behaviors or access to medical care. More subtle effects of SES on health appear to be important.

One illustration is psychological stress. Studies of British civil servants, first begun in 1967 and still ongoing, suggest that factors such as work-related stress (often caused by monotonous work over which a worker has little control) and the absence of social support networks are important factors in the association between civil service employment grade and health. Other research has shown the cumulative negative effect of episodes of high and repeated stress—episodes that are likely to

occur more frequently among lower socioeconomic groups. Studies showing the long-term impacts of early childhood or even intra-uterine environmental factors provide another example of the subtle effect of SES on health. Specifically, factors such as poor conditions at home and childhood health problems have been found to be independent predictors of cardiovascular, respiratory, and neurological health at mid-adulthood.

Implications. The new study provides evidence that the causality between socioeconomic status and health runs in both directions. First, health affects wealth through out-of-pocket health care costs, especially for those lacking health insurance. Thus, policies like providing coverage for prescription drugs may help offset the decline in wealth resulting from illness, particularly for groups with substantially higher out-of-pocket drug expenses. Second, wealth affects health, implying that a strong economy and a high level of economic development have positive effects on health outcomes. The study also shows that being disadvantaged at an early age can have long-term health consequences into adulthood.

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

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Foreign Spending to Acquire or Establish U.S. Businesses Triples. Foreign investors' spending to acquire or establish businesses in the United States surged to a record \$201.0 billion in 1998 from \$69.7 billion in 1997, according to the most recent estimates by the Department of Commerce. This spending, which includes both outlays made directly by foreign investors and outlays made through their existing U.S. affiliates, almost tripled in 1998, following a decrease of 13 percent in 1997 and an increase of 40 percent in 1996. The 1998 outlays were boosted by two exceptionally large acquisitions (Chrysler by Daimler and Amoco by BP) and reflect trends toward greater global consolidation in the automobile and oil industries. Many of the other investments were in telecommunication- and information-related businesses and reflect a desire by foreign investors to gain access to advanced U.S. technological capability, to integrate operations vertically, and to enter new markets. Even without the two large acquisitions, 1998 outlays would have been 40 percent higher than the previous record, set in 1996.

How Do Lottery Winnings Affect Economic Behavior? A new study surveying 237 winners of the Massachusetts lottery in the mid-1980s found reductions in hours worked, labor force participation, and earnings for a group winning large prizes (averaging \$80,000 per year for 20 years). Expenditures on cars and homes increased, as did savings, although savings in retirement accounts were not affected. In a group winning a smaller prize (averaging \$15,000 per year for 20 years), the study found no substantial effect on labor supply or earnings, although winning the prize seems to have increased work effort among those with no earnings prior to winning the lottery. Yet, savings were sharply reduced after winning a smaller prize, suggesting to the authors that winning the lottery had reduced winners' perceived need to hold precautionary savings.

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INTERNATIONAL ROUNDUP

Basel Committee Releases New Capital Adequacy Proposal. The Basel Committee on Banking Supervision last week issued its proposal for a new capital adequacy standard to replace the 1988 Capital Accord. The proposed capital framework consists of three pillars: minimum capital requirements, supervisory review, and effective use of market discipline. External credit ratings would be used where feasible to determine risk weights on different assets, and the result will be to reduce risk weights for high-quality corporate credits and to introduce a higher-than-100-percent risk weight for certain low-quality exposures. For some sophisticated banks, the Committee suggests that banks could use their own internal credit ratings to determine the capital requirement. It is hoped that the improved weighting system will remove some of the perverse incentives, inherent in the current rules, to make riskier loans. The Committee will seek comments on its current proposals and set forth more definitive proposals during the year 2000.

Presidents Spend Less than Parliaments. Public spending as a percent of GDP in countries run by presidents is about 10 percentage points less than it is in those with a parliamentary system, according to a recent study. The authors argue that presidential systems may encourage thrift because a president is held directly and separately accountable to voters, whereas lines of responsibility are more blurred in parliamentary systems. Furthermore, a president needs only to assemble ad hoc majorities to pass laws, while parliamentary leaders may need to distribute more pork to maintain a stable majority. However, the study certainly is not definitive. For example, the preponderance of parliamentary systems in Europe, where voters seem especially supportive of public spending, may bias the results.

IMF's Outlook for South Korea Improves. South Korea's economy could expand by 4 to 4½ percent on a year-over-year basis in 1999, according to the IMF's chief representative in Seoul. GDP in the first quarter was 4.6 percent higher than a year ago and was led by strong private consumption, but the IMF official said that 4 to 4½ percent GDP growth was possible even if consumption slows. The prediction is a significant improvement from the forecast of 2.0 percent growth the IMF made in its *May World Economic Outlook*. The official noted that South Korea's unemployment rate (currently 6.7 percent) would likely be helped by GDP growth; however, continued corporate restructuring would prevent a rapid decline in unemployment, which will probably remain at historically high levels.

Slovenia on the Right Track for EU Accession. A new World Bank report finds that Slovenia's economic performance makes it a strong candidate for EU accession, though room for improvement remains. Slovenia's growth has been stable at around 4 percent per year for the last 6 years; its GDP per capita was the highest among the 10 Central and Eastern European countries seeking accession and just \$100 below that of Greece. The report found need for improvement in areas that include attracting more foreign direct investment, reforming the pension system and making the banking sector more competitive.

RELEASES THIS WEEK

Producer Price Index

****Embargoed until 8:30 a.m., Friday, June 11, 1999****

The producer price index for finished goods rose 0.2 percent in May. Excluding food and energy, producer prices rose 0.1 percent.

Retail Sales

****Embargoed until 8:30 a.m., Friday, June 11, 1999****

Advance estimates show that retail sales rose 1.0 percent in May. Excluding sales in the automotive group, retail sales rose 0.5 percent.

Productivity

Nonfarm business productivity rose 3.5 percent at an annual rate in the first quarter of 1999. Manufacturing productivity rose 6.2 percent.

MAJOR RELEASES NEXT WEEK

Consumer Prices (Wednesday)

Housing Starts (Wednesday)

Industrial Production and Capacity Utilization (Wednesday)

U.S. International Trade in Goods and Services (Thursday)

U.S. ECONOMIC STATISTICS

	1970- 1993	1998	1998:3	1998:4	1999:1
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	4.3	3.7	6.0	4.1
GDP chain-type price index	5.4	0.9	1.0	0.8	1.5
<u>Nonfarm business (NFB) sector:</u>					
Productivity (chain-type)	1.5	2.7	2.5	4.3	3.5
Real compensation per hour:					
Using CPI	0.6	2.6	2.3	2.2	2.6
Using NFB deflator	1.3	3.8	3.4	3.8	2.6
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	0.2

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

New or revised data in **boldface**.

PPI data **embargoed until 8:30 a.m., Friday, June 11, 1999.**

FINANCIAL STATISTICS

	1997	1998	April 1999	May 1999	June 10, 1999
Dow-Jones Industrial Average	7441	8626	10444	10854	10621
Interest Rates (percent per annum)					
3-month T-bill	5.06	4.78	4.29	4.50	4.54
10-year T-bond	6.35	5.26	5.18	5.54	5.92
Mortgage rate, 30-year fixed	7.60	6.94	6.92	7.15	7.51
Prime rate	8.44	8.35	7.75	7.75	7.75

INTERNATIONAL STATISTICS

Exchange Rates	Current level June 10, 1999	Percent Change from	
		Week ago	Year ago
Euro (in U.S. dollars)	1.048	1.2	N.A.
Yen (per U.S. dollar)	118.9	-2.2	-16.0
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. \$)	95.68	-1.3	-3.5

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	3.2 (Q1)	8.3 (Apr)	1.7 (Apr)
Japan	0.1 (Q1)	4.9 (Apr)	-0.1 (Apr)
France	2.3 (Q1)	11.4 (Mar)	0.5 (Apr)
Germany	0.8 (Q1)	^{2/} 7.2 (Apr)	0.6 (Apr)
Italy	0.9 (Q4)	12.3 (Jan)	1.5 (Apr)
United Kingdom	0.6 (Q1)	6.3 (Feb)	1.6 (Apr)

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 April was 9.1 percent.

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THE WHITE HOUSE

WASHINGTON
June 11, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORTS

cc: JOHN PODESTA

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Appropriations: You should know that Speaker Hastert and Chairman Young negotiated this past week over how to allocate \$5-7 billion to the non-defense bills from reductions to the Defense, Agriculture, Legislative Branch, and Treasury bills. In a similar exercise, Senators Stevens and Byrd have been allocating funds from a "deficiencies" pot – this week \$1.2 billion for the Commerce/Justice/State bill as it went to subcommittee Wednesday (6/9). On Tuesday (6/8) the Senate passed the Defense bill 93-4, and the House passed the Agriculture bill 246-183. The Senate will take up the Energy & Water bill Monday (6/14), and may take up the Transportation bill as well. No matter how the Leadership allocates the \$5-7 billion, however, big problems remain for the Labor/HHS and VA/HUD bills at the end of the day.

Social Security: You should know on Wednesday (6/9) Congressman John Kasich held a press conference to introduce his Social Security reform plan. The key points are: (1) Initial Social Security benefit would no longer be indexed to real wage growth but to prices; and (2) The plan would allow for voluntary carve-out accounts with a progressive contribution. For each year of contribution to the account, the traditional Social Security benefit would be cut by 0.33 percent with a lifetime cap of 15 percent. The proposal does not affect anyone 55 or older. On Wednesday (6/9) and Thursday (6/11) the Ways and Means Committee held two days of hearings where Members testified on their Social Security reform plans. Only plans that have been scored by the Social Security Actuaries as extending solvency for 75 years were invited to testify. A number of plans were discussed, including Breaux/Gregg, Gramm, Moynihan/Kerrey, Kolbe/ Stenholm, Nadler, and Archer/Shaw. Also Monday (6/7), Jack Lew, Larry Stein, and I met with Senators Daschle, Conrad, Lautenberg, and Moynihan to discuss strategy on both the House-passed version and the Senate version (Abraham-Domenici) of the Social Security lock box.

Update on Medicare Reform: After some preliminary consultations with the Democratic leadership and other key Democrats, it appears that the general positioning of your Medicare reform package appears to split the different priorities of conservative and base Democrats. Congressman Gephardt and Senator Daschle seem generally comfortable with the parameters of the drug benefit design we have discussed. However, since we have not briefed them fully on the plan's offsets, it remains unclear whether their support for the drug benefit would be at all affected when they fully understood the details. Senator Kennedy and his office, after learning of some of the general parameters from Senator Daschle, is indicating that drug benefit is too modest; he believes that we are being too miserly on the use of the surplus. In contrast, Senator Conrad has indicated his concern about tapping too much into the surplus for any drug benefit. (Having said this, he has also indicated his desire for the premium to be as low as possible.) We are notifying the Congress, the interest groups, and the media that you have made no final decisions on your reform initiative and will not until after you return from next week's trip. This will give us the opportunity to hold meetings with the Congress and the groups in order to solicit their feedback and attempt to get them more invested without relaying the details of the plan. The slight delay in announcement will also serve to allow us to better choreograph a much more organized rollout for your plan.

Computer Export Controls: John Podesta, Jim Steinberg, and I met with the major computer company CEOs on Friday (6/11) to discuss computer export controls. They are arguing that our current definition of a supercomputer is obsolete, and will soon be shipping widely available, inexpensive computers that exceed the current definition of a supercomputer. This issue has obviously become more sensitive in the wake of the Cox Report -- but we made a commitment to have an Administration position on this by June 30th.

High-tech CEOs: John Podesta and I also met with John Doerr and other Silicon Valley CEOs to discuss accounting standards, the R&D tax credit, the need to increase R&D funding, and Y2K liability reform. I am also working to get them more involved in your "new markets" initiative and addressing the "skills gap" for high-tech workers.

Aviation Priorities: John Podesta and Dorothy Robyn of my staff met on Thursday (6/10) with 20 CEOs of airlines and related unions (pilots, machinists and flight attendants). The CEOs urged us not to issue in final form DOT's proposed competition guidelines, which they believe are unnecessary, especially given the recent antitrust suit against American Airlines, and would chill competition, giving (non-union) low-cost carriers a free ride at the expense of (unionized) dominant carriers. They expressed support for Rep. Shuster's proposal to take the aviation trust fund off budget, which they see as a way to increase spending on FAA operations. We have threatened to veto Shuster's bill over the off-budget provision, on the grounds that (combined with limits on general fund spending on the FAA) it could result in *reduced* spending on FAA operations relative to airport infrastructure. Finally, the CEOs said they had reached agreement on a voluntary program to address passenger complaints, and they may be close to getting key Members on board. Although we have not seen the details, the proposal appears to stop short of the comparable Administration proposal. Dorothy met on Friday (6/11) with Iowa's attorney general and representatives from five other state AG offices to discuss aviation competition. The state attorneys general, who have become increasingly vocal about airline competition problems, urged us to issue the guidelines. They believe the guidelines, by curbing predation against the all-important low-cost carriers, represent the best opportunity we have to enhance competition.

GMO Meeting: The NEC held a Deputies Meeting on Monday, June 7 to discuss the Administration's current strategy on genetically modified organisms ("GMOs") and on gaining access for US agricultural products containing GMOs into European markets. The Deputies decided not to press for inclusion of the topic at the G8 Summit, but to press instead for more comprehensive work on GMOs within the U.S.-EU Summit framework. The Deputies also recommended formation of an international "blue-ribbon" panel to bolster the already considerable body of science around the safety of GMOs. The Deputies will meet again in several weeks to review strategy for consideration of GMOs in the WTO Ministerial context.

Steel Update: You should know that the Quota bill is set for next Tuesday (6/15). We are whipping Democrats, and will arrange Cabinet member (specifically Secretary Rubin) meetings with undecided members in advance of vote. It is still not clear if we have the votes to defeat a cloture motion. Although we have stopped the surge, we are getting little credit so we are in the process of stepping up our communications campaign. The largest business groups (BRT, Chamber, NAM) are stone silent due to steel industry membership, but agriculture exporters and steel consuming manufacturers are belatedly stepping up activity. Senator Roth is attempting to put together a steel package that wavering members could say they support in lieu of the quota bill. He hopes to bring Moynihan and Baucus on board and mark it up on Wednesday (6/16) in Finance Committee, but does not plan to seek a floor vote. The Roth package would likely include Section 201 reform, strengthened import monitoring, ending international financial institution funding of additional steel capacity, and possibly requiring USTR to initiate a Section 301 to address global steel over capacity. We have difficulty with the Section 301 proposal, and are working with his staff to figure out options.

G. W. W.

Bush 44 percent to 15 percent. Men were even more emphatically for the Texas governor, 57 percent to 10 percent.

At least Dole is in double digits. The rest of the fields not, including magazine publisher Steve Forbes at 7 percent, former Vice President Dan Quayle at 6 percent, media commentator Pat Buchanan at 5 percent, Arizona Sen. John McCain and conservative activist Gary Bauer at 2 percent, New Hampshire Sen. Bob Kasch and conservative 1 percent, and former Tennessee Governor Alexander at 0 percent.

Like Bush, Gore holds a quarter of Democratic vote among his party's voters. a particular Gore target of presidential by a 62 percent to 21 percent men 49 percent went to Gore as well, and

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Methamphetamine 'Epicenter' Draws Federal Notice

By Eric Lichtblau
Los Angeles Times

WASHINGTON California's sprawling Central Valley, long renowned for its agriculture business, earned a new and more dubious distinction Tuesday from federal authorities: the "epicenter" of the United States' growing methamphetamine industry.

Mexican-controlled methamphetamine "super labs" have grown so prevalent in the valley that the White House Office of National Drug Control Policy has named the nine-county region as one of five "high-intensity" trafficking zones in need of special attention.

The designation means that the valley could receive as much as \$2.5 million a year in federal funds, plus extra law-enforcement tools. There are 31 zones nationwide.

Other drug-trafficking zones announced Tuesday were Hawaii, a frequent stopover for high-grade heroin and other drugs from Asia; New England, a popular pipeline for East Coast drug smugglers; Ohio, infiltrated by violent street gangs and cocaine dealers in the state's "Rust Belt," and Oregon, where methamphetamine has become the "drug of choice."

All will share in the new federal funding.

Stanislaus County Sheriff Les Weidman, who helped lead a lobbying effort to win federal assistance, acknowledged that Tuesday's announcement was a mixed blessing for the region.

"While on the one hand we're happy to get these resources, we have to admit that we have a drug problem that's out of control. It's not exactly something you can stand up and say you're proud of," the sheriff said.

While the trade was once dominated by biker gangs, Mexican drug cartels have emerged in recent years to take control of the region, establishing laboratories in abandoned farmhouses, boarded-up homes and other remote rural sites, authorities said. They typically employ illegal immigrants and migrant farm workers to produce up to 100 pounds of the cheap, highly addictive drug in each 24-hour "cooking" cycle.

"Methamphetamine is the major drug law-enforcement problem in the Central Valley, and we need all the help that we can get," said Paul Seave, the U.S. attorney for the region.

But critics said that expansion of the drug-trafficking zone program, first created in 1990, underscores how political, unfocused and sometimes ineffective the effort has become, with resources spread too thin.

"The whole program has lost a sense of strategy," said Stan Morris, deputy director of the White House drug policy office in the Bush administration and now a private consultant. "When everything becomes a priority, nothing becomes a priority."

He said the program, which has grown in funding from about \$25 million at its inception to \$185 million today, gives politicians a way to dole out "pork in the drug war" to their local communities.

But there is little to demonstrate that the money and resources devoted to past drug-trafficking zones has done much to turn around the drug problem in those communities, said Rob Stewart, an analyst for the Drug Policy Foundation, a Washington-based think tank that supports more resources for drug-abuse treatment.

"I'm sure (the zone designations) do some good. I'm sure they do make some neighborhoods livable again," he said. "But in the macro sense, without a broader strategy, is it like rearranging the deck chairs on the Titanic?"

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An Unrivaled Killer / How Many Secret Caches?

Why Smallpox Was Spared

New York Times Service

The following article was reported by Lawrence K. Altman, William J. Broad and Judith Miller; it was written by Mr. Broad.

NEW YORK — No one has come down with smallpox for decades. But in some respects it is potentially more dangerous than ever. Smallpox killed more people over the ages than any other infectious disease. In the 20th century alone, experts estimate, it took up to a half-billion lives, more than all the wars and epidemics put together.

Its scars run deep. As long as three thousand years ago, Chinese records tell of slow deaths and disfigurements. Signs of pockmarks appear on the mummified head of the Egyptian pharaoh Ramses V. The disease decimated Europe and traveled with colonists to the New World, laying waste to tribes and aiding British soldiers who spread the virus as a biological weapon.

Today, the high fevers, deep rashes and oozing pustules that characterize smallpox are gone — a feat of disease eradication so far unequalled in the history of public health. This banishment is so complete that recent medical textbooks often skip the disease or give few details of its wrath.

Despite this triumph of modern medicine, Washington and key allies now fear the scourge could strike anew sometime in the future, unleashed by war or terrorism. And that worry is raising new alarms and questions.

For instance, troubles with quality control are such that no stored smallpox vaccine in the United States can now be used except in emergencies, federal officials say. Stoppers on vials are deteriorating and a vital ancillary medicine is unusable.

A turning point came on April 22 when the United States — one of two official smallpox repositories around the globe, along with Russia — announced that it would delay its intended destruction of the virus, reversing years of planning and Washington's previous stance.

The virus was to have been destroyed this month, the first species driven to extinction by design rather than accident. But the Clinton administration, after careful study, concluded that clandestine supplies probably exist and could cause the disease to emerge suddenly in war. And it reasoned that living samples might aid the development of new treatments and antidotes.

In the wake of that decision, a host of other actions are now taking shape.

Most visibly, top scientists and health experts are now calling for a federal program to produce new vaccine to protect up to 100 million people in the United States — enough, in theory, to stop any epidemic in its tracks. More quietly, American and Russian scientists hope to embark on studies to better understand the killer's ways in an effort to perfect a cure. And most stealthily of all, intelligence agencies are stepping up their efforts to better judge the threat of smallpox attacks.

"It's disturbing, extremely disturbing," said Dr. Donald Henderson, the scientist who led the global campaign that eradicated smallpox and now is dean emeritus of the Johns Hopkins School of Public Health. "I thought the door had closed on smallpox. I had happily put it away."

Dr. Joshua Lederberg, a Nobel laureate in biology who advises Washington on germ warfare, called the eradication "one of the great humanitarian accomplishments of our century."

But he added: "We have no idea what may have been retained, maliciously or inadvertently, in the laboratories of a hundred countries from the time that smallpox was a common disease. These would be the most likely sources of supply for possible biological terrorism."

Experts warn that if smallpox returned it could be more deadly than ever. The effects of the disease on an unprotected population were underscored by the experience of settlers who set sail from Plymouth, England, landed on the Massachusetts coast in 1620 and found the area remarkably free of Indians because a deadly epidemic had just swept through. Early explorers had already spread the virus.

Over the ages, immunities built up slowly as people survived the infection, with children usually faring better than adults. Later on, vaccinations helped keep the scourge at bay.

Today, experts say, such protections are all but gone and people are generally more vulnerable to the disease, underscoring the need for intelligent debate and possibly protective action.

"We're all Indians," said Elizabeth Fenn, a smallpox historian at George Washington University. "We're approaching 100 percent susceptibility."

In 1980, the World Health Organization proclaimed the world free of smallpox and soon asked for all laboratory samples of the virus to be destroyed or sent to central repositories. But it had no inspection powers. The heroes of the eradication effort had to take nations of the world on their word when, one by one, they said the dreaded virus was gone.

Despite its apparent disuse in the last two centuries, the idea of smallpox as a weapon, however, has never disappeared. Indeed, evidence has recently surfaced that many such armaments were made, if not used.

In 1992, a Soviet official named Kanatjan Kalibekov, now known as Ken Alibek, defected to the United States. In secret debriefings, Mr. Alibek, formerly a top player in Soviet germ warfare, told Washington that Moscow had made tons of smallpox for war, and he suggested that the virus might have been sold or secreted away as the Soviet state collapsed and Russian scientists sought new ways to support themselves.

LAST YEAR, he went public, and he followed this year with a book, "Biohazard" (Random House), which details a nightmare of smallpox weapons that he says the Soviet Union made, including warheads for long-range missiles.

Federal officials say they have confirmed many of Mr. Alibek's smallpox claims and have also found signs that the virus is now hidden in Iraq and North Korea, although they report seeing no evidence of smallpox arms or planned strikes. The intelligence, they say, helped drive Mr. Clinton's April 22 decision to forgo destruction of American stocks.

Officially, destruction of the virus has been put off three years, until at least June 2002, as world health authorities debate the stay.

In 1972, the United States stopped routine vaccinations of civilians against smallpox, nearly a decade ahead of much of the world. Thus, about 114 million Americans born since then, 42 percent of the population, are completely vulnerable.

For people aged 27 and older who were vaccinated, the degree of protection is unclear because scientists have never systematically measured the duration of immunity. Protection probably drops with time, but how much is unknown. Lifelong immunity is unlikely, some experts say. But old vaccinations may lead to milder attacks.

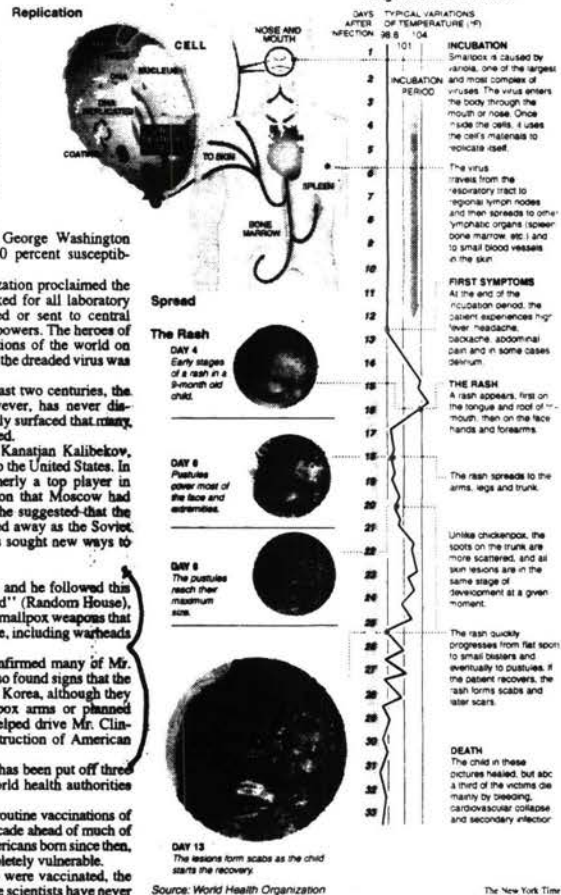
At the end of the eradication program, WHO and a number of countries independently stored enough smallpox vaccine for 60 million people and kept a safeguarded supply of the vaccinia virus to make vaccine in case more was needed.

With its cache, the United States in theory could protect up to 14 million people if each vial of stored vaccine was used to its maximum potential of 100 doses. The manufacturer, Wyeth Laboratories, holds the supply of vaccine in Marietta, Pennsylvania, under the control of the Centers for Disease Control and Prevention in Atlanta.

Smallpox vaccine is still needed at the CDC for scientists

A Vanquished Plague

Once one of the most feared diseases, smallpox has been eliminated by the use of vaccines. In the 20th century alone, it killed up to 500 million people. Here is a look at the disease and how it attacked its victims.



Belgium Probes Coke Illness as Scare Spreads to Nearby Nation

The Associated Press

BRUSSELS — Across Belgium, all beverages of the Coca-Cola Co. were removed from shelves Tuesday as the company and a state of hospitalization

the company said. The causes of the contamination were "identified with absolute certainty this afternoon," Mr. Lenfant added. A spokesman for the European Commission, executive agency, said the commission

said the commission spokesman, Pieter Petrus. On Monday, Belgium's Van den Broek, Coca-Cola's P.

WEDNESDAY, JUNE 16, 1999

EDITORIALS/OPINION

He Berger NSC WW Desk Podesta

The Washington Post

Kosovo and Sierra Leone

One of the bloodiest wars of the '90s may be winding down. We refer here not to Kosovo but to West Africa's Sierra Leone. Late in May, Africans, led by Nigeria and helped by President Bill Clinton's envoy for the purpose, Jesse Jackson, produced a cease-fire and power-sharing talks. You missed the news? It happened with hardly any of the acclaim that marked the breakthrough in Kosovo.

The war in Sierra Leone seemed endless, unendable, horrible and duplicative of other regional wars; it unfolded in a quarter little known to Americans. Perhaps for such reasons it received only episodic attention. But how then to explain the emergence of Kosovo as a major concern of American policy and a large topic in the news? For Kosovo's war also has seemed endless, unendable, horrible and duplicative, and it also unfolded in a remote quarter.

Mr. Jackson, for one, has been inquiring into this discrepancy. He notes that where the United States is sending \$15 million to the West African organization that worked to end the Sierra Leone war, it has made a "down payment" of \$13 billion for Kosovo. He does not say, as many in Africa do, that behind the gap lies a question of

race. He does say that if American cameras brought home the pictures of Sierra Leone's misery, the American conscience would be touched and the disparities in American treatment of the two countries would narrow.

Over the decades, American policy has found compelling national interest, and American media have found plenty of news, in convulsions in non-white countries. The American record in providing humanitarian aid to Africans is notable. Still, the traditional Eurocentric quality of American global engagement is plain and becomes even sharper when crisis flowers.

Thus did the United States turn a decade's full attention on Bosnia and then Kosovo, even as successive upheavals in Somalia, Sudan, Rwanda, Zaire/Congo and Sierra Leone generally prompted a less ambitious and more selective approach.

The contrast can be explained by circumstances, but that is not good enough. A fair and sustainable policy must tap the energies and resources that ease rather than aggravate the lingering question of why the United States sometimes appears readier to help a distressed white country than a distressed black one.

—THE WASHINGTON POST

Back to Work With China

One of Washington's top diplomats, Thomas Pickering, is leading a team of American officials to Beijing to

be put aside, and Mr. Pickering, who comes prepared to offer a detailed reconstruction of the incident, should be

BEIJING — For 50 years, hanging over our heads like a sword of Damocles, nuclear weapons have never ceased threatening humanity's survival. The end of the Cold War has not brought about their disappearance.

The nuclear reduction process of the United States and Russia has bogged down in a stalemate after a brief period of progress. Weapons tests were again conducted after the conclusion of the Comprehensive Test Ban Treaty. These developments have clearly demonstrated that today, and for a long time to come, nuclear nonproliferation and nuclear disarmament remain important tasks for the international community.

The aim of disarmament is to increase security. All countries, regardless of their size, strength and wealth, have an equal right to security. If the great majority of developing countries cannot have security, there will never be tranquillity throughout the world.

Disarmament should not become a tool for stronger nations to control weaker ones. Still less should it be an instrument for a handful of countries to optimize their armaments in order to seek unilateral superiority.

To reduce the armaments of others while keeping one's own intact, to reduce the obsolete while developing the state-of-the-art, to sacrifice the security of others for one's own, and to require other countries to scrupulously abide by treaties while giving oneself freedom of action by placing domestic laws above international law — all these

By Jiang Zemin

The writer is president of China.

acts apply double standards. They make a mockery of international efforts and run counter to the fundamental objectives of disarmament.

Historical experience shows that an unrestrained arms buildup hampers economic growth and does not help maintain peace and security. Disarmament should free up resources and create conditions for economic development.

Indeed, a disarmament treaty can be judged by whether it facilitates growth, especially in developing countries, and strengthens international cooperation in science and technology. No disarmament measure will garner universal support or have lasting viability if it is taken at the expense of economic or scientific development.

Multilateral treaties are the result of universal participation and reflect the common will of the international community. Export controls among a small group of countries cannot compare with international treaties in impartiality or universality. To maintain bloc arrangements after conclusion of multilateral treaties, and even place the former above the latter, will only lead to the weakening of those treaties' authority.

Vigorous efforts should be made to strengthen the disarmament bodies of the United Nations so that multilateral treaties replace bloc agreements. Accomplishing this task will require con-

tinuous cooperation by the international community. At this stage, progress must be made in these areas:

- As the countries with the largest nuclear arsenals, the United States and Russia should implement their nuclear reduction treaties and continue to cut down substantially their nuclear weapons arsenals, paving the way for the other nuclear weapons states to participate in the multilateral disarmament process.

- The Nuclear Nonproliferation Treaty is both the basis of the international nuclear nonproliferation regime and the prerequisite for progress in disarmament. The treaty must be observed in full and in good faith. Countries that have not yet joined the treaty should do so at the earliest possible date so as to make it truly universal.

- As soon as possible, nuclear weapons states should undertake, unconditionally and in a legally binding manner, to ensure that they will not be the first to use nuclear weapons and will not employ them against states that do not possess them. States that have forgone the development of such armaments must be free from their threat. Now that the Cold War has ended and relations between nuclear weapons states have improved, conditions are ripe for them to commit to mutual "no first use." China is ready to push for the early conclusion of an international legal instrument on this issue.

- Efforts should be made for early entry into force of the Comprehensive

Test Ban Treaty. Recent nuclear tests [in India and Pakistan] have made this task more pressing. One of the first to sign the treaty, the Chinese government will continue to work for it and will soon submit the treaty to the National People's Congress for ratification.

Negotiations should be conducted as soon as possible for the conclusion of a universal, verifiable treaty banning new production of fissile materials.

A convention on the comprehensive ban of nuclear weapons should be negotiated. Since biological and chemical weapons have been prohibited, there is no reason why nuclear weapons, which are more destructive, should not be comprehensively banned and thoroughly destroyed. All it takes to reach this objective is strong political will.

Progress in nuclear disarmament cannot be achieved without global strategic equilibrium and stability. Research for and development, deployment and proliferation of sophisticated anti-missile systems, and revision of, or even withdrawal from, the existing disarmament treaties, would inevitably exert a negative impact on international security and stability, triggering new arms races and obstructing disarmament and nonproliferation efforts.

The international community should pay attention to all of this and adopt measures to preempt such dangers. Disarmament is not the prerogative of the few. All countries have the right to participate on an equal footing.

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Kashmir: First, Put Pressure on Pakistan to Pull Back

—THE NEW YORK TIMES.

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BROCHURE

I have two recommendations for the pictures:

- Replacing one of the Little Rock River Market District scenes with a picture of you and the First Lady.
- Then including a photo of you – perhaps interacting with students – in place of the First Lady’s photo.

Skip has a selection of pictures to work with that were originally chosen by Alice Pushkar.

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if she can do



THE WILLIAM J. CLINTON PRESIDENTIAL FOUNDATION

William Jefferson Clinton of Arkansas was elected the 42nd President of the United States in 1992. He was re-elected in 1996, one of only 6 Presidents elected to serve 2 terms in



the 20th century, the first Democrat since FDR. The Clinton Presidential Library and Museum will be the official archives for presidential papers and historical materials, a national and international resource on the historic achievements of his Presidency. The Clinton Center will serve as an office for President Clinton and a center for educational and public service initiatives.

A Nation Transformed: The Record of the Clinton Presidency

In asking the American people for their support in 1992, Bill Clinton said his first priority would be to restore a healthy American economy. He kept that commitment with an economic strategy that turned the annual budget deficit into a surplus, invested in people through improved access to quality education and health care, increased



support for research and technology, and expanded markets for American goods and services around the world. In the seventh year of Bill Clinton's Presidency, the United States achieved the longest sustained peacetime economic expansion, with more than 18 million new jobs, rising wages, historically low levels of unemployment and historical high levels of home ownership.

From the Family and Medical Leave Act to the Safe Streets and Neighborhoods Act, President Clinton has worked on



The downtown farmers' market is just one of many new attractions livening up the River Market District, site of the Clinton Presidential Library.

▲ Fireworks exploded the full of the Clinton Presidential Library.

A crowd of people thronged through Rock's Market along with that of the Clinton Library.

behalf increased 100% American money the site the new has st

"Little Rock is very proud to host the Clinton Presidential Library. We look forward to the opportunities and interest it will bring to our people and our home."

—Little Rock Mayor Jim Dailey

water quality and preserved our national resources, protecting nearly 150 million acres of public and private lands for future generations, and he has acted on his life long commitment to racial reconciliation, strengthening the bonds of community and building One America.

Abroad, President Clinton's personal leadership has increased the prospects for lasting peace in Northern Ireland and the Middle East, restored democracy to Haiti, ended ethnic cleansing in Bosnia, and developed new partnerships with the nations of Africa and Latin America. His administration has strengthened the United States' role as the world's strongest force for peace, freedom and prosperity, bringing hope for a more secure and stable world.

Presenting History: The Clinton Library and Museum

The Bill Clinton Presidential Library and Museum will be the 12th Presidential Library in the United States. Located on 26 acres beside the Arkansas River in Little Rock, the Library will be a focus of national attention, and a destination point for visitors from all over the world.

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the Safe Streets
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◀ The downtown
farmers' mar-
ket is just one
of many new
attractions
livening up the
River Market
District, site of
the Clinton
Presidential
Library.

▲ Fireworks
explode above
the future site of
the Clinton
Presidential
Library.

A couple strolls ▶
through Little
Rock's River
Market District,
along the street
that will lead to
the Clinton
Library.



behalf of American families: his budgets provided the greatest increase in national support for education since the GI Bill. 100,000 young people have served their communities through Americorps, his innovative national service program; his common sense crime fighting policies put 100,000 more police on the street, kept handguns away from over 250,000 felons, and the national crime rate fell to a 25 year low. President Clinton has strengthened environmental standards improving air and

First Lady Hillary ▶
Rodham Clinton will
continue to be a
strong advocate for
children after leaving
the White House.



The Clinton Presidential Library and Museum will be the repository for the President's papers and other historical material of his administration. The archives and historical materials, including millions of documents, photographs, and films, will serve historians, archivists, journalists, policy analysts, students and other researchers.

Library and Museum exhibits will use creative and interactive approaches to inspire, to teach, and to make ideas and information accessible to a wide array of visitors, including elementary and high school students, Americans and foreign visitors, scholars and teachers. Exhibits will also be accessible as teaching/learning resources for students and the general public worldwide through distance learning telecommunications media.

Library programs and Museum exhibits will be designed to give a better understanding of the President and Presidential decision making, the many issues of concern to Americans on which the President has focused his time and energy, the

institutions of the Presidency, and the American political system.

Looking to the Future: The Clinton Center and School

Operated in conjunction with the Library and Museum, the Clinton Center will serve as a post-Presidential office for President Bill Clinton, enabling the President to bring his experience, principles and leadership to address current and future issues. The agenda for the Clinton Center will feature national and international policy, and participants will include national and community leaders, advocates, activists, scholars, educators, and students from countries around the world. The Clinton School, in partnership with the University of Arkansas, will offer educational initiatives for people interested in public service as community leaders, advocates, program directors, and elected and appointed officeholders. School sponsored town hall meetings, symposia, conferences, lecture series, and other events will be available to students and the general public.

America's Presidential Libraries

The Herbert Hoover Library
West Branch, Iowa

The Franklin D. Roosevelt Library
Hyde Park, New York

The Harry S. Truman Library
Independence, Missouri

The Dwight D. Eisenhower Library
Abilene, Kansas

The John Fitzgerald Kennedy Library
Boston, Massachusetts

The Lyndon Baines Johnson Library
Austin, Texas

The Richard Nixon Library
Yorba Linda, California

The Gerald R. Ford Library and Museum
Library: Ann Arbor, Michigan
Museum: Grand Rapids, Michigan

The Jimmy Carter Library
Atlanta, Georgia

The Ronald Reagan Library
Simi Valley, California

The George Bush Library
College Station, Texas

The Bill Clinton Library
Little Rock, Arkansas

The William J. Clinton Presidential Foundation was incorporated in Arkansas on October 23, 1997. The Foundation has obtained an exemption from federal income taxes as a 501(c)(3) corporation and has registered with the Attorney General, State of Arkansas, 200 Tower Building, 323 Center Street, Little Rock, AR 72201, (501) 682-2007, as a charitable organization under Arkansas Act 1177 of 1991. The Foundation EIN is 31-1580204.