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Monday, June 28, 1999

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The Education Station
KBNO AM 1220
¡Qué Bueno!

COLORADO COMMUNICATIONS, CORP.
2727 Bryant Street
Suite 100
Denver, Colorado 80211
Phone (303) 292 KBNO
Fax (303) 433-1330

'99 JUN 28 PM3:37

June 22, 1999

The Honorable William Jefferson Clinton
President of theUnited States of America
The White House
1600 Pennsylvania Ave
Washington, DC 20500

Dear President Clinton:

My name is Zee Ferrufino, and I am respectfully requesting consideration for appointment as Ambassador to Bolivia or any other Latin American country.

As a long-time and strong supporter of the Democratic Party I feel that I am well suited to continue our diplomacy and relationship building. It is my desire to utilize my diplomatic skills and leadership ability to be influential in the development of mutually beneficial relationships between the United States and Latin America. Relationships are built on trust and developing trust often takes the knowledge and sensitivity of someone who knows and respects the people and cultures of other countries. Trust and relationships are not built by words but by a demonstration of results. I would commit to accomplishing results as Ambassador , just as I have in my personal and professional life.

Please find my resume' enclosed. Also enclosed are my references who were kind enough to submit letters on my behalf.

I would appreciate your consideration and response to my request.

Sincerely,

Zee Ferrufino
President/Owner

6/28/99
Send to Mack
Yes ✓
No

C.

6-28-99

THE WHITE HOUSE
WASHINGTON

June 26, 1999

MR. PRESIDENT:

Attached are the following weekly reports:

(A) **Weekly Economic Briefing**

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

(C) **NEC**

(D) **DPC**

(E) **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**

(P) **Special Envoy for the Americas**

(Q) **Environmental Initiatives**

David Goodfriend

Entire Report:
Tab A - Yellen/Podesta
Pg. 6:
Reed / HRC / Podesta

Tab C - Sperling / Podesta
Tab D - Reed / Podesta
Tab F - Frampton / Podesta
Tab I - Ucelli / Cutler / Podesta
Tab J - Cahill / Podesta
Tab K - Johnson / Podesta
Tab L - Ibarra / Podesta

Tab M - Cutler / Echaveste / Podesta
Tab O - Moore / Podesta

THE PRESIDENT HAS SEEN
6-28-99

'99 JUN 25 AM 9:00

WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

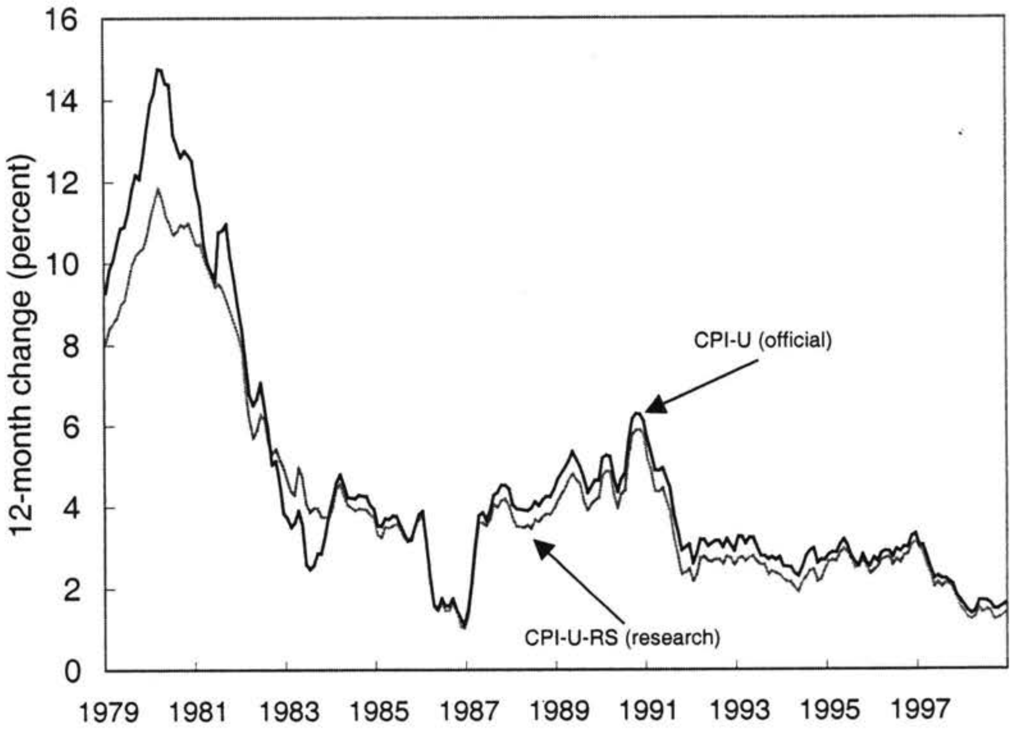
Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

June 25, 1999

Copied
Yellen
Podesta
Pg. 6
Reed
HRC
Podesta

CHART OF THE WEEK

Consumer Price Inflation



When the Bureau of Labor Statistics changes the way the consumer price index is calculated, it does not adjust the historical price series to reflect the changes. However, BLS researchers have recently developed an alternative to the official CPI for all urban consumers (CPI-U) that incorporates most of the improvements made since 1978 into the entire 1978-98 period. On average, this consumer price index research series (CPI-U-RS) has grown 0.45 percentage point per year more slowly than the CPI-U—though the pattern of changes is similar.

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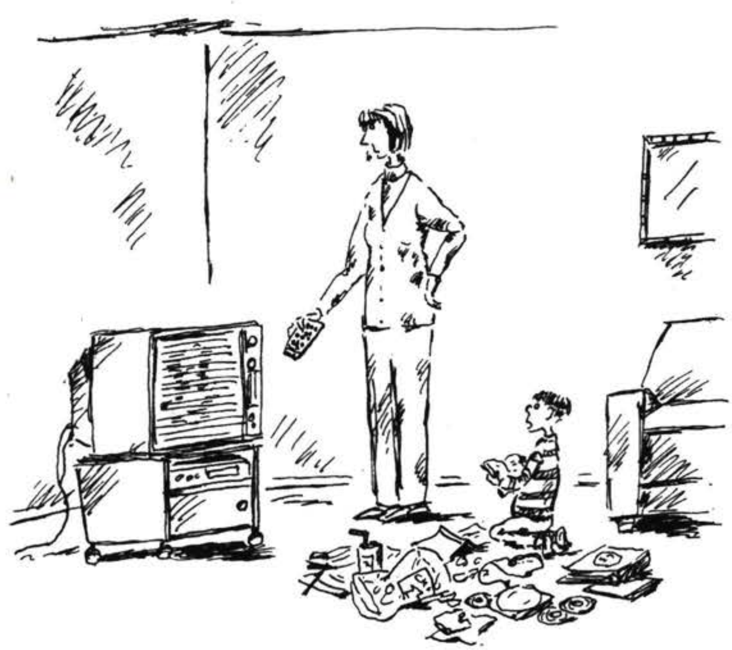
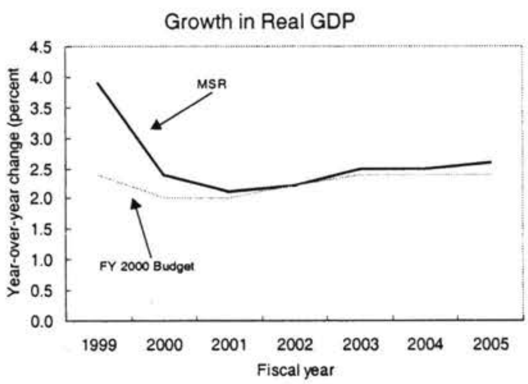


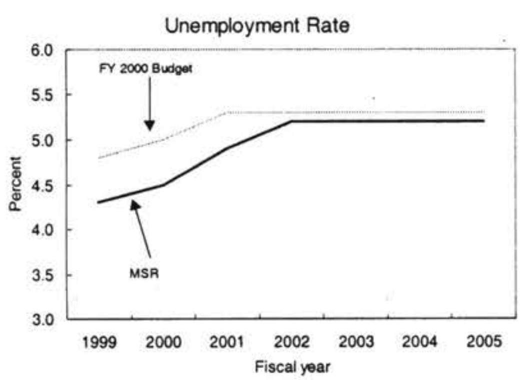
"Have some respect for my learning style."

CURRENT DEVELOPMENT

MSR Forecast Remains Cautious on the "New Economy"

Stronger-than-expected economic performance over the past few years has engendered a lively debate about whether the economy has entered a new era of substantially faster sustainable growth. The economic assumptions in the Mid-Session Review—though more optimistic than those of the Fiscal Year 2000 Budget—continue to reflect the conservative side of this debate.





Slow down, you move too fast. Based on traditional relationships, real GDP growth of close to 4 percent per year is unsustainable. The MSR assumes a slower but still solid 2¼ percent annual growth rate over the next 3 years (see upper chart), with the unemployment rate edging up by about a third of a percentage point per year (see lower chart) and slightly higher inflation as measured by the CPI. After 2002, real GDP is projected to resume its assumed trend growth rate of roughly 2.5 percent per year with a stable 5.2 percent unemployment rate and a 2.5 percent inflation rate.

What is the speed limit? The shift to moderate growth reflects restraint from both aggregate demand and aggregate supply. On the demand side, consumer spending (which constitutes two-thirds of GDP) has exceeded the growth of real income—most likely reflecting gains in the stock market. But unless the stock market continues to surge, consumer spending is likely to slow to rates consistent with gains in real income.

On the supply side, the MSR assumes that the long-run sustainable noninflationary growth rate of the economy—potential GDP growth—is well below the current growth rate and that actual GDP will have to grow less than potential while the unemployment rate rises to a more sustainable long-run rate. Very strong productivity growth has helped the economy to grow faster than potential recently, but the MSR assumes some of this strength is cyclical and will not persist. Accordingly, potential GDP is projected to grow 2.8 percent per year during 1999-2002 followed by a slowing to just under 2.6 percent per year thereafter.

Conclusion. The MSR economic assumptions are consistent with other mainstream forecasts, but they are not a prediction of the best the economy can do. They have incorporated recent strong performance while remaining skeptical about whether key economic relationships have changed fundamentally.

SPECIAL ANALYSIS

Throwing Money Out with the Trash

Many communities are abandoning traditional methods of paying for trash collection (through general revenues or a flat annual fee) in favor of unit-based pricing, in which households pay for disposal services based on the amount of waste they set out for collection or bring to collection centers. In principle, the switch should encourage households to economize on the amount of trash they generate and dispose of it more efficiently. But how has it worked in practice?

Pay-as-you-throw participation is on the rise. While the first unit-pricing programs started as early as 1916, this approach to residential waste collection did not come into vogue until recently. By 1998, more than 4,000 communities in 46 states had adopted unit-based pricing schemes for their residential waste collection, and three states (Washington, Wisconsin, and Minnesota) had legislated the mandatory use of this approach. Collection schemes usually take one of three forms: special bags; tags or stickers attached to waste receptacles; or subscription cans of varying sizes. Recycling programs and public education campaigns on viable substitutes for waste disposal often accompany the introduction of unit-based pricing programs.

Incentives. Unit-based pricing gives households an incentive to reduce the amount of waste they put out for disposal, especially when accompanied by recycling and special yard waste pick-up programs (such as for leaves and Christmas trees). For example, they may do more composting or buy products that generate less trash, such as reduced-packaging goods. On the negative side, some have worried that unit-based pricing could also promote illegal dumping and burning, although this has not been a serious problem in most communities.

Does it work? A recent statistical study found that unit-based pricing reduces the amount of waste collected for disposal relative to a flat-fee system—while increasing the amount of recycling and yard waste collection. Expanding the number of types of recyclables covered by a community's recycling program and introducing a yard waste collection program led to further reductions in waste collected for disposal. However, the total amount of waste generated (waste to landfills and incinerators plus recycling plus yard waste collection) was not significantly different under unit-based pricing than under a flat fee system. In other words, unit-based pricing has been more effective in changing the way people dispose of their trash than in reducing the amount of trash they generate. The study also found that household behavior is affected much more by whether there is *any* price signal than by more subtle differences in the level of that signal.

Conclusion. In line with economic theory, unit-based pricing encourages more efficient solid waste disposal. To date, however, it has not encouraged less overall waste generation.

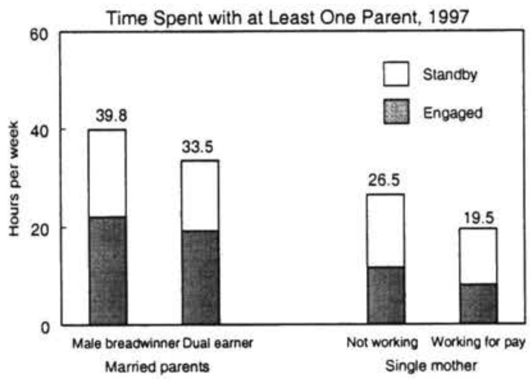
ARTICLE

What Do We Know about Children's Time with Parents?

The recent CEA report on "Families and the Labor Market" reported a decline since 1969 in the amount of time the average family had *available* for parents to spend with their children. A new study investigates the average amount of time children actually spend with their parents, depending on whether their parents are married and whether their mother works outside the home.

Time available. The CEA report found that the average family in 1996 had 22 fewer hours per week potentially available for parents to spend with children than in 1969. This calculation reflects the increase in single-parent families, the increase in hours mothers spend at paid jobs, and the slight decrease in hours fathers work for pay.

Time spent: a recent snapshot. A study based on 24-hour time diaries collected in 1997 shows how children's time with parents varies with family type (see chart). The study found that children in traditional two-parent families where the mother does not work outside the home get about 40 hours per week of at least one parent's time, excluding the child's personal care time (such as bathing and sleep). The child is directly engaged with at least one parent for 22 hours, and a parent is on "standby," that is, available at home but not interacting with the child, for 18 additional hours.



Differences among family types. As shown in the chart, the time children spend with at least one parent is less in other family types. In both single- and two-parent families, children whose mothers have paid jobs spend about 7 fewer hours per week with a parent than children whose mothers are not employed. About half of this difference reflects less direct involvement with a parent, and half is less time when a parent is available at home but not engaged with the child. The drop in the mother's own standby time is somewhat larger. The children of both stay-at-home and employed mothers get roughly 14 fewer hours of parental time per week if they live with a single mother instead of two parents—about 11 fewer hours of direct engagement and 3 fewer hours when a parent is available on "standby" basis. (For children in single-parent families, time spent with a parent includes time spent with a non-custodial parent.)

What about fathers? Perhaps surprisingly, fathers spend no more total time with their children if their wives are employed. This is not just because two-earner families have fewer children, or older children, or more income to pay for child care; the result persists even after controlling for those factors. However, the study's results suggest that when mothers go to work, the amount of time they spend with their children goes down by more than the total time the children spend with at least one parent, suggesting that parents deploy their time so that the father is at home with the children for some of the time that the mother is at work.

Other factors matter, too. Other things being equal, preschoolers are directly involved with their parents about 7 more hours per week than older children. The presence of siblings reduces the amount of time a child is engaged with a parent by about 1 hour per week per sibling. Children with younger and better-educated parents get more direct attention from their parents than other children do.

Conclusion. Whether they live with two parents or only one has a far more dramatic impact on children's time with parents than whether their mother works outside the home. It is difficult to draw further implications without more information about the quality and type of care children receive when their parents are not present.

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BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

Harvard Housing Center Sees More Households, More Homes. Over the next 10 years, the pace of household growth should match or slightly exceed the 1.1-1.2 million average annual rate of the 1990s, according to a new study from Harvard University's Joint Center for Housing Studies. The study finds that the overall aging of the population favors rising homeownership rates, strong home building and remodeling activity, and record home sales well into the next decade. However, it notes that the enduring strength of the housing markets may add to the affordability problems of poor households, and that expanding the supply of low-cost units and preserving the subsidized stock will be important housing challenges. While the suburbs continue to grab population share from central cities, the study sees hopeful signs that the exodus from some large cities is reversing: both Boston and New York posted modest population gains from 1994 to 1996, for example, although they would have continued to lose population if not for the arrival of foreign immigrants. Cities that continued to lose population though the mid-1990s include Baltimore, Buffalo, Chicago, Cincinnati, Cleveland, Milwaukee, New Orleans, Philadelphia, Pittsburgh, Rochester, St. Louis, and Washington, D.C.

cc: Bruce
HRC

Mixed Results for California's Class Size Reduction Initiative. A new study of the first 2 years of California's Class Size Reduction (CSR) initiative has found that smaller classes do lead to better student performance, although the effort to reduce class size has caused space problems and reduced teacher quality in urban schools. On average, third-graders in smaller classes had higher scores on statewide tests in reading, language arts, and mathematics than students in larger classes—though the differences were small (about one-tenth of a standard deviation). These gains were similar for students from all backgrounds. However, diverting resources (physical and financial) to reducing class size proved particularly burdensome for districts with the most low-income, minority, and English-as-a-second-language students. Furthermore, these schools were less able to attract highly qualified teachers. Statewide, the K-3 teacher workforce increased 38 percent, but the average qualifications of K-3 teachers declined.

Minimum Wage Increases Do Not Appear to Deter Training. Increases in state and Federal minimum wages do not appear to reduce employer-provided worker training, according to a new study. The study focuses on the period 1987 to 1992, analyzing a national sample of adults aged 22 to 34 with less than 12 years of education who were surveyed about their receipt of training outside of regular schooling. The period encompasses a number of state minimum wage increases as well as two Federal increases, in 1990 and 1991. The study finds no evidence that an increase in the minimum wage reduces training, contrary to the standard theory of human capital in which a minimum wage discourages employers from providing training by limiting wage cuts as a means of financing that training. The authors note that their results are limited to the impact of the minimum wage on rather formal training, whereas much on-the-job learning in low-wage jobs may be more informal.

INTERNATIONAL ROUNDUP

World Bank Urges China to Stimulate Consumer Spending. China must stimulate consumer spending if it is to avoid the worst effects of Asia's economic crisis and generate enough growth to allow the reform of deep systemic weaknesses, according to a World Bank report released last week. The report urges the development of a service sector that would include industries such as telecommunications, tourism, auditing, accounting, media, public relations, and the legal field to alleviate a significant shortage of employment opportunities amid swelling industrial layoffs and an annual increase in the workforce. Household consumption could be boosted by strengthening the social safety network and dispelling fears over future income security. Less than 0.5 percent of GDP would be needed to fully fund social protection programs already established by the government.

More Resources, Good Implementation Matter for Mexican Schools. Past research on learning outcomes in developing countries has found that students' socio-economic and cultural backgrounds are the most important factors explaining differences in test scores, leading to the conclusion that government intervention could have little effect. However, a new study of the Mexican program PARE has found that this program led to increased language skills in rural and native schools. The 5-year PARE program focused on the four Mexican states with the highest incidence of poverty and low-education indicators and gave schools additional resources for libraries, textbooks, training for teachers, and physical improvements to schools. In addition to improving students' cognitive achievement while at school, the PARE program increased the probability that a student remained in school, lowering drop-out rates for rural students by 20 percent. The study emphasizes the importance of proper design and implementation of the program: in urban schools, where implementation was particularly faulty, students' scores did not improve.

Industry Argues That Sale of Gold to Fund Debt Relief May Backfire. A new report by the World Gold Council criticizes proposals by the International Monetary Fund to sell 10 percent of its gold to provide debt relief to the world's poorest countries. The report claims that the recent fall in the price of gold is a direct consequence of the plans of the IMF, Switzerland, and the UK to sell gold and has already cost the gold producers among these developing nations more than $150 million in annual export earnings. This is more than they stand to gain from the IMF's proposed sale of 10 percent of its gold reserves, according to the report. Data in the report suggest that, of the more than 30 Heavily Indebted Poor Countries (HIPCs) that are gold producers or potential producers, those most likely to be affected are Ghana and Mali, where gold accounts for more than 30 percent of merchandise export revenues.

RELEASES THIS WEEK

Gross Domestic Product

****Embargoed until 8:30 a.m., Friday, June 25, 1999****

According to revised estimates, real gross domestic product grew at an annual rate of 4.3 percent in the first quarter.

Advance Durable Orders

Advance estimates show that new orders for durable goods rose 1.4 percent in May, following a decrease of 2.3 percent in April.

MAJOR RELEASES NEXT WEEK

Consumer Confidence—Conference Board (Tuesday)
Leading Indicators (Wednesday)
NAPM Report on Business (Thursday)
Employment (Friday)

U.S. ECONOMIC STATISTICS

	1970-1993	1998	1998:3	1998:4	1999:1
Percent growth (annual rate)					
Real GDP (chain-type)	2.7	4.3	3.7	6.0	**4.3**
GDP chain-type price index	5.4	0.9	1.0	0.8	**1.6**
Nonfarm business (NFB) sector:					
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	**-0.5**
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	0.0
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**.
GDP data **embargoed until 8:30 a.m., Friday, June 25, 1999**.

FINANCIAL STATISTICS

	1997	1998	April 1999	May 1999	June 24, 1999
Dow-Jones Industrial Average	7441	8626	10444	10854	10535
Interest Rates (percent per annum)					
3-month T-bill	5.06	4.78	4.29	4.50	4.60
10-year T-bond	6.35	5.26	5.18	5.54	6.05
Mortgage rate, 30-year fixed	7.60	6.94	6.92	7.15	7.63
Prime rate	8.44	8.35	7.75	7.75	7.75

INTERNATIONAL STATISTICS

Exchange Rates	**Current level June 24, 1999**	**Percent Change from**	
		Week ago	**Year ago**
Euro (in U.S. dollars)	1.037	0.4	N.A.
Yen (per U.S. dollar)	121.8	2.0	-13.4
Major currencies index (Mar. 1973=100) (trade-weighted value of the U.S. $)	96.87	0.6	-2.1

International Comparisons [1]	**Real GDP growth** (percent change last 4 quarters)	**Unemployment rate** (percent)	**CPI inflation** (percent change in index last 12 months)
United States	**4.0** (Q1)	4.2 (May)	2.1 (May)
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)

U.S. GDP data **embargoed until Friday, June 25, 1999.**

1/ For unemployment data, rates approximating U.S. concepts as calculated by the U.S. Department of Labor, Bureau of Labor Statistics.

2/ Rate for former West Germany. Using OECD standardized unemployment data, the unemployment rate for unified Germany for April was 9.1 percent.

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6-28-99

We need a good specific record. All the stories look like interest group warfare—

THE WHITE HOUSE
WASHINGTON
June 25 1999

copied
Sperling
Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORTS

cc: JOHN PODESTA

***Y2K Liability Reform**:* You should know on Wednesday (6/23) the Year 2000 Industry Coalition sent Congressional leadership a letter pleading for a serious dialogue with the Administration to avert a veto. In response, John Podesta sent a letter urging that they avoid "this destructive path" not allow partisan issues to hurt such an important sector of our economy. The Conference Committee met Thursday (6/24) with a stated plan to adopt a minor amendment and complete work in an hour. The House Republicans did not want to compromise further than the Senate bill and clearly wished to provoke the veto. Conference Chairman McCain invited your staff to the Conference in hopes we would accept a small fig leaf, but then criticized the Administration for not having provided sufficient specificity about our concerns and desired changes. The Republicans all tried to create a record to establish that it is the Administration's fault if no agreement in reached. Nonetheless, the Conference was continued until next Tuesday and your staff will be negotiating Friday and over the weekend in hopes of reaching agreement.

Appropriations: You should know that the Senate Appropriations Committee is marking up Interior, Treasury/General Government, and District of Columbia on Thursday (7/1). The Committee's plans to mark up Labor/HHS/Education and VA/HUD/Independent Agencies next week have been put on hold, with action now expected after the July 4th recess. Senators Stevens and Byrd approved a 302(b) reallocation allocating $348 million in BA and $707 million in outlays to Interior, which brings the bill to a level of $1.4 billion below request and slightly below a freeze at the FY 1999 level. Chairman Stevens told the press that he is expecting CBO to issue revised surplus assumptions next week; that the FY 2000 surplus could be $7 billion higher; and, that he hopes to convince his leadership to allocate the additional surplus to the Appropriations Committee (i.e. a cap increase) in order to facilitate movement of the Labor/HHS/Education and VA/HUD/Independent Agencies bills. Also, the House passed the transportation bill, 429-3 providing $646 million above the request and $2.8 billion above FY 1999 enacted on a comparable basis.

Apparel Industry Partnership/Fair Labor Association: You should know that 107 colleges and universities have now signed up to be members of the Fair Labor Association -- the nonprofit organization created to implement the AIP's Code of Conduct and Monitoring principles. I spoke Monday (6/21) at the first meeting of the FLA's Advisory Committee of Colleges and Universities, providing them with a message from you applauding their involvement. In its first meeting, the committee laid out an ambitious agenda of issues, demonstrating that our assertion is true -- FLA will become a forum where ongoing issues can be debated and continued improvements achieved.

Medical Assistance for Beryllium Workers: You should know the NEC is currently running an interagency process to review a Department of Energy (DOE) plan to offer medical assistance to DOE contractor employees that are suffering from exposure to beryllium and other toxic substances. State worker compensation laws do not cover these illnesses because they develop over many years, unlike injuries that are readily apparent. Nonetheless, DOE is certain that contractor employees suffering from beryllium exposure were harmed while working on behalf of DOE because DOE is the predominant user of beryllium. The NEC proposed 4 steps, which the group is considering: 1) Send legislation to Congress that is limited solely to beryllium because of the close link between its use and DOE activities; 2) Include a provision directing the National Academy of Science to study the link between work-related exposure of DOE contract employees to other substances, and commit to returning to Congress if a close link is

THE PRESIDENT HAS SEEN
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found; 3) Direct DOE to revise its contracts to direct is contractors not to oppose any employee's workman's compensation claim for beryllium related illnesses; and 4) Form an interagency group to examine the effect on state workers compensation systems if you expanded such a program to other illnesses.

Oil Antidumping Case: You should know that published reports indicate that a coalition of small domestic oil producers will file an antidumping petition against oil imports from several countries, including perhaps Kuwait, Venezuela, Iraq, Saudi Arabia, and Mexico next week. The Council of Economic Advisors has concluded that dumping margins of a hypothetical fifty-percent would not have a significant effect on the U.S. economy because oil from other countries could be substituted. Nonetheless we are concerned that the filing of a case might have a disproportionate effect on our oil trade with Mexico and Venezuela because their grade of oil is not as fungible on the world market. Moreover, we are also concerned about the worldwide reaction to the use of our antidumping laws against oil, and the effect that the filing may have on our foreign relations with the affected countries.

Financial Modernization and Privacy: The House leadership melded the Commerce and Banking Committee texts into a bill that they plan to bring to the floor next Thursday (7/1). On our long-standing concerns -- choice in operating structure and CRA -- the base text is fine. The Commerce Committee text had included privacy protections that were substantially the same as you proposed in your Financial Privacy and Consumer Protection Plan. The Committee's text would not require a consumer be given a choice about whether their information can be shared with an affiliate of the institution (e.g., no choice whether Citibank can share information with its Travelers insurance affiliate). While even the compromise represents far more than we once thought obtainable, the public interest in this issue is intense. We are working to avoid two outcomes: (1) being blamed for bringing down the bill by heated rhetoric on the importance of privacy; or (2) suggestions that the Administration is backing down on privacy in order to appease banks. In addition, we hope to preserve your options. If the conference goes against Treasury on the operating structure issue, it will be helpful to have an issue like consumer protection and privacy to explain a veto.

Trade Legislation: You should know that the Senate Finance Committee this week approved four trade bills: (1) the scaled-back version of the African Growth and Opportunity Act that it passed last year, (2) the same version of CBI Parity that it passed last year (which is similar to the Administration's current proposal); (3) extension of the Trade Adjustment Assistance program; (4) and extension of the Generalized System of Preferences (GSP) program, which provides preferential tariff treatment to imports from least developed countries. It remains unclear whether Chairman Roth will seek to package any of these bills or those bills his Committee approved previously (steel and Customs authorization) for floor consideration. The House Ways and Means Committee has passed Africa and CBI bills that provide much more expansive benefits for apparel imports than their Senate counterparts. The House may take up its Africa bill as early as this week, and WH Leg. Affairs has been organizing an interagency outreach effort to contact undecided Members. This bill appears to have the votes to pass, unlike the House CBI bill, which remains very controversial with pro-labor and pro-textile and apparel industry Members. As for the House, it may take up its more expansive version of the Africa trade bill next week.

Mass-Burma Ruling: On Tuesday (6/22) the First Circuit unanimously ruled the Massachusetts Burma Law unconstitutional (upholding the Massachusetts District Court ruling but in even stronger and more sweeping terms). The law adds 10% to the bids of companies (both foreign and domestic) that have trade or investment ties with Burma when determining the low bidder. The opinion may encourage challenges to similar laws in over 20 local jurisdictions. The ruling will please US business interests and foreign trading partners. It is now unlikely that the EU and Japan will resume their now-suspended WTO case against us claims the law is inconsistent with Massachusetts' obligations under the Government Procurement Agreement. You decided not to file an amicus brief with the First Circuit – a decision that avoided a potential political fall-out with the Massachusetts' delegation and human rights organizations. However, you may again face the decision whether to file an amicus brief in the case, with new dynamics and higher stakes, should Minnesota appeal the ruling and the Supreme Court agree to hear the case. Minnesota has 90 days to decide whether to appeal.

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6-28-99

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THE WHITE HOUSE

WASHINGTON

June 25, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: DPC Weekly Report

1. Education – Republican Leadership Plan: On Tuesday, the Republican Congressional leadership held a press conference to announce the Academic Achievement for All Act (Straight As), sponsored by Rep. Goodling and Sen. Gordon. Their plan would give states the option of establishing a five-year performance agreement with the Secretary of Education that would allow approved states to combine funds from most federal K-12 education programs administered at the state level. In exchange for this flexibility, states would have five years to meet the specific and measurable performance goals outlined in their agreement with the Secretary. Secretary Riley issued a statement strongly criticizing the plan for its lack of accountability. The plan amounts to a five-year block grant, instead of ensuring that scarce federal resources are spent effectively on practices that we know work, such as reducing class size.

2. Education – California Class Size Study: Early findings from an ongoing evaluation of California's K-3 class size reduction initiative indicate that students of all backgrounds have made small achievement gains after only two years, but that too many districts (especially in low-income areas) hired inexperienced, uncertified teachers and lacked adequate facilities to handle the extra classes. Your proposals, in ESEA, to recruit, train, and require higher-quality teachers should help other states do a better job of reducing class size then Gov. Wilson did.

3. Education – AFT Teacher Salary Survey: A survey and analysis of salary trends released by the AFT reports that low teacher salaries and the booming job market for college graduates are seriously aggravating the rising teacher shortage. The national average beginning teacher salary in the 1997-98 school year was $25,735, while the average salary offer for college graduates entering other fields in 1998 was more than $35,000. More than two-thirds of respondents indicated an insufficient supply of teacher applicants in 1998-99, and the shortage is particularly severe in math, special education and bilingual education. The national average teacher salary for the 1997-98 school year was $39,347 – one of the lowest among white-collar occupations. At your request, we have asked NEA and AFT to compare these figures with available state surpluses.

4. Education -- Florida Voucher Law: As you saw in the Wall Street Journal, Governor Jeb Bush signed a bill this week that makes Florida the first state in the nation with a statewide plan allowing state-funded tuition for children in private schools. The law,

THE PRESIDENT HAS SEEN
6-28-99

overwhelmingly approved by the Florida Legislature, will assign every public school a grade from "A" to "F" based on standardized test scores and other factors. Children in "failing" schools (graded "F" for two consecutive years) can switch to another public school graded "C" or better, or carry state checks for tuition -- roughly $4,000 a year -- to a private school of their choice, including religious schools. This fall, only students in two low-scoring schools in Pensacola will qualify for what the law calls ``opportunity scholarships." By next fall, children in many more schools throughout the state may qualify.

5. Crime -- North Carolina School Safety Legislation: Students who are violent or disruptive in school could lose their driver's license for a year under bills now approved by the North Carolina State House and Senate. The "Lose Control, Lose Your License" legislation would allow principals to deny driving privileges to students who are suspended from school for more than 10 days for assaulting a teacher, bringing a weapon to school or possessing drugs or alcohol at school.

6. Tobacco -- Funding for Federal Litigation: Your budget requested $20 million for the Justice Department for tobacco litigation. Neither the House nor the Senate bills provides for the additional funds. Moreover, the Senate bill's report language specifically states "no funds are provided" for tobacco litigation. While not a prohibition on use of DOJ funds, the language is ambiguous enough to cause concern. Several Democratic Senators are considering offering amendments on the floor clarifying that the Department of Justice has the authority to fund such litigation. Since we are concerned we might lose such a vote, we are working on a colloquy between the subcommittee chairman (Senator Gregg) and other Senators.

7. Welfare -- New Paternity Numbers: Last week, HHS released, and the Vice President highlighted at his Family Reunion Conference, new data showing that the number of fathers establishing paternity has tripled since 1992. Nearly 1.5 million men acknowledged paternity in 1998, an increase of 12 percent in one year alone and three times as many as in 1992. Most of the increase is due to the success of the in-hospital paternity establishment program included in your 1993 budget: in 1998, 40 percent of paternities (over 600,000) were established through in-hospital programs.

8. Welfare – Legal Immigrants: Senators Chafee, McCain, Graham, Mack, Moynihan, and Jeffords introduced legislation last week which would give states the option to provide health care coverage through Medicaid and CHIP for children and pregnant women who are legal immigrants, regardless of when they arrived in the U.S. This proposal is similar to the provision in your budget. Under current law, states can provide health coverage to children and pregnant women who entered the country before August 22, 1996, but may not use federal funds to cover legal immigrant children who entered after that date. HHS estimates our proposal would provide health care coverage to more than 55,000 children and 23,000 pregnant women. We issued a statement from you praising the bipartisan proposal but also saying that more needs to be done to restore food stamp and SSI eligibility for legal immigrants as proposed in your budget.

THE PRESIDENT HAS SEEN
6-28-99

9. Environment/Livability -- Better America Bonds: Representatives Gephardt, Matsui, and Doggett have sent a letter asking members to cosponsor legislation based on the Administration's Better American Bond proposal. We will continue to work with the Vice President's office and Legislative Affairs on building up Congressional support for this legislation. Senators Baucus and Daschle are planning to introduce companion legislation in the Senate in the next couple of weeks.

10. Community Empowerment -- Regulation B: On Wednesday, the Federal Reserve Board proposed an amendment to the regulations implementing the Equal Credit Opportunity Act to allow lenders voluntarily to collect information about the race and gender of applicants for non-mortgage credit. We believe this proposed amendment to Regulation B would greatly expand access to capital among minorities and is the most important regulatory change in this area since your Administration's reform of the Community Reinvestment Act (CRA). The action by the Fed, long called-for by community groups, was spurred by a coordinated campaign of several federal agencies -- lead by the Department of the Treasury and Secretary Ruben. We issued a statement this week commending the Federal Reserve Board for their vote and underscoring your Administration's efforts to reform Regulation B.

11. Children-Foster Care Legislation: On Friday, the Foster Care Independence Act of 1999 passed the House of Representatives, 380-6. Sponsored by Representatives Nancy Johnson and Ben Cardin, the legislation builds on proposals in your budget request to provide young people leaving foster care with access to health care and to expand and improve educational opportunities, training, housing assistance, counseling, and other support and services. We expect that next week Senators Chafee and Rockefeller will introduce a companion bill in the Senate that is more expansive than the House measure. The bill's prospects are very good.

Great

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

June 25, 1999

6-28-99

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MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

FROM: GEORGE T. FRAMPTON, JR. RSK for
Acting Chair

SUBJECT: CEQ WEEKLY REPORT

BUDGET

Interior Appropriations

As expected, the Senate Interior Appropriations bill that has emerged from full committee mark-up has a number of objectionable riders, some of which are repeated from previous fiscal years. The principle riders focus on mining, oil valuation, climate change, forest policy, grazing, and resource management in the Northwest. It is uncertain when this legislation will reach the floor, but we are working closely with OMB and Legislative Affairs to devise a strategy to oppose these provisions.

In addition, the Senate bill contains insufficient funding for many environmental initiatives. For example, only about one third of the increase you proposed for the Lands Legacy initiative is provided ($265 million of the requested $797 million). The House is expected to begin mark up next week. Although we expect the House bill to contain fewer riders, the projected funding levels are not as encouraging as those in the Senate bill.

RESOURCE STEWARDSHIP

Everglades Restoration

On July 1, the Vice President tentatively is planning to make an announcement submitting to Congress the Administration's Everglades "Restudy" -- a comprehensive plan to restore the Everglades. Developed by the Army Corps of Engineers and the South Florida Water Management District, the Restudy is the lynchpin of the long-term restoration plan announced by the Vice President in February 1996. The total cost of the plan -- approximately $7.8 billion -- will be split between the federal government and the State of Florida.

In order to address concerns raised by the environmental community, the final plan accelerates the timetable for restoration efforts and guarantees additional water for environmental restoration purposes. These changes have been well received and the South Florida Ecosystem Restoration Task Force, which includes the Department of Interior and the State of Florida, unanimously supported the plan. The next step will be to obtain Congressional authorization for the Restudy and its initial projects.

PROTECTING COMMUNITIES FROM TOXICS

Right-to-Know

On Wednesday night, the Senate passed, by unanimous consent, a compromise bill limiting public disclosure requirements under the Clean Air Act. Specifically, the bill would impose a one-year moratorium on the disclosure of facility risk management plans, which include "worst-case" chemical accident scenarios. The bill also preempts state and local disclosure laws and imposes harsh penalties on public officials who violate the disclosure prohibition. After one year, disclosure would be governed by regulations developed by the Administration. The bill reflects concerns of a number of law enforcement agencies, including the FBI, who believe that this information, if widely available (including on the Internet), could invite terrorist acts at domestic industrial facilities. Environmental groups, by contrast, consider the terrorist threat a canard and have strongly criticized the Administration for its willingness to compromise community right-to-know.

The Administration worked with Senator Lautenberg to develop the Senate compromise, but has not formally taken a position on the bill. The Senate action now shifts the focus of this controversy to the House where Democrats have been divided on the issue between those who take the terrorist threat seriously and those who see an opportunity to rally against the Republican leadership's effort to limit community right-to-know.

INTERNATIONAL LEADERSHIP

Environmental Analysis of Tariff Reduction in Forest Products

CEQ and USTR are starting an environmental analysis of the forest products agreement being negotiated in the WTO. The agreement has become a focal point for criticism of the WTO in the lead up to the December Ministerial in Seattle. Environmentalists are arguing that a "global free logging agreement" would lead to significant loss of forests worldwide and plan a public event to criticize the agreement this Sunday in Seattle. Our analysis will examine the issues raised by environmentalists, frame the agreement in terms of the Administration's overall forest policy, and consider potential policy responses to any reasonably foreseeable environmental impacts of the agreement.

Export Credit Agency Environment Standards

The G-8 Communiqué language on export credit agency environment standards was a major step forward on this issue. We are starting internal work to shape a strategy for meeting the 2001 deadline for common standards. Thanks to you, Jim Steinberg and Stu Eizenstat for tenacious negotiating and for keeping this on a very full G-8 agenda.

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THE WHITE HOUSE

WASHINGTON

6-28-99

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June 25, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: **LORETTA UCELLI**
STEPHANIE CUTTER

SUBJECT: **Communications Weekly Report**

Overview:
Through events and other message vehicles, we are continuing to work with other White House offices to communicate *that you are providing effective leadership at home and abroad.*

This week, we worked with the Chief of Staff's Office, Press Office, DPC, NEC and others on a strategy to communicate to the American people that you are returning to Washington ready to push ahead on the domestic agenda. We also developed and started rolling out comprehensive communications plans for your proposal to strengthen and modernize Medicare and your New Markets proposal to ensure that all Americans share in our economic prosperity. In addition, we are working on two events for late next week that lead into the July 4th holiday weekend.

Domestic Agenda:
Your remarks on Friday to the Presidential Scholars and at the press conference allowed you to set the stage for your renewed focus on key domestic challenges facing the nation. We are working to communicate your determination to get the people's work done -- with Congress, or, when necessary, by Executive action. The speech received very strong news coverage both in print and on television.

Mid Session Review:
In a departure statement on Monday, you will discuss the Mid Session Review, highlighting the strength of the American economy, and will announce that the budget surplus is larger than projected and will help strengthen Social Security and Medicare. It is an opportunity to remind the media and others how conservative, accurate and credible your Administration's economic forecasting has been one day before your Medicare proposal is unveiled.

Medicare:
We are working with the NEC, DPC, the Press Office, HHS, and others on a communications rollout strategy for your plan to strengthen and modernize Medicare.

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On Tuesday, you will unveil the plan at the White House. Activity that day will revolve around reaching out to all of the validators and experts on the credibility of the plan. On Wednesday, you will participate in an event at a Chicago seniors center. We are working to make this event a chance for seniors to talk with you about the difficulties they face when it comes to affording the prescription drugs they require – and how your plan would improve their lives.

Throughout the remainder of the week and beyond, we are working on a plan to communicate beyond the beltway – directly to the American people – how they would benefit from your plan. Activity will include cabinet satellite tours into targeted markets, editorial board mailings and other strategies.

July 4th Activity:
We also are working with a number of offices to put together two message events leading into the July 4th holiday. You will join the First Lady in a Millennium event on Thursday at the National Archives to announce the preservation of our "Charters of Freedom" -- ~~the Declaration~~ of Independence, the Constitution, and the Bill of Rights.

On Friday, you are scheduled to announce that the bald eagle will be removed from the Endangered Species List. We are working with CEQ and others to put together an event with a live eagle on the White House lawn. This is also an opportunity to highlight the success of the Endangered Species Act and other efforts to protect public health and the environment.

On a related note, given recent Congressional action on a "Flag Desecration" Amendment, Communications circulated a background document with bipartisan quotes in opposition to the amendment. Among them, the following quote from ex-Marine and history professor, Rep. Wayne Gilchrest (R-MD): *"Jefferson realized that the only way to defend the freedom of good men is to defend the freedom of all men. The House seems to value the work of Betsy Ross above the work of Madison and Jefferson."*

New Markets Initiative:
We are working with the Chief of Staff's Office, NEC, Press Office, Legislative Affairs, Cabinet Affairs and others on a communications strategy for your New Markets legislation announcement and tour of untapped markets.

We are working on preparations for your four-day tour through America's untapped markets to highlight the potential of these new markets in creating new jobs and new hope.

In conjunction with your tour, Cabinet members will participate in similar events across the nation, amplifying the message that you have a comprehensive plan to bring new investments and economic growth to all corners of the nation.

Communications Research is working with DPC to produce a "Native American Economic Development Accomplishments" document, underscoring your Administration's efforts to bring economic opportunity to Native American communities in advance of your trip to Pine Ridge.

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THE WHITE HOUSE

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June 25, 1999

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: **MARY BETH CAHILL** MBC
DIRECTOR, OFFICE OF PUBLIC LIAISON

SUBJECT: **WEEKLY REPORT** (June 18-25)

I. ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES:

MEDICARE

OPL coordinates pre- and post-announcement briefings. This week, OPL coordinated briefings with John Podesta, Gene Sperling, Chris Jennings, and Steve Ricchetti for the Labor, Seniors, Hospital, Women's, Medical Colleges, Home Care, Corporate, Nursing Home, Biotechnology, Pharmacist, Catholic Health, and Disability communities. Many groups have emphasized that: the drug benefit must be universal, meaningful and not income related; there must be solvency or a dedicated surplus; and there must be a significant public education effort. OPL is mobilizing groups to issue press releases on Tuesday to validate and promote your initiative.

KOSOVO

Disability advocates call for accessible rebuilding efforts. Currently, ADA and other accessibility standards do not apply to U.S. construction abroad. Amidst growing numbers of injuries due to landmines, advocates fear that we may unwittingly complicate Kosovars' lives by erecting architectural barriers that will likely remain for decades.

II. CONSTITUENT OUTREACH AND OTHER ISSUES:

ASIAN PACIFIC AMERICAN OUTREACH

Concerns Continue in APA Community on the Los Alamos Situation. The APA community is concerned by reports that Wen Ho Lee may not be charged with any counts of espionage. Particularly on the part of the Chinese American community, there are doubts that Mr. Lee has been treated fairly in this process.

Asian Pacific American Community Plans "Bill Lann Lee Day." As a strategy to further push for Lee's nomination, a mid-July day will be set aside for nationwide, coordinated activities.

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DISABILITY OUTREACH

Disability Community is pleased with *Olmstead* S.C. decision but concerned about the three employment S.C. decisions. Your Olmstead statement was exceptionally well-received. On Thursday, Secretary Herman announced the Administration's concern about the employment decisions and that you directed DOJ and EEOC to review options and make recommendations. Advocacy groups are already mobilizing about how to respond. OPL is working with Counsel, DOJ, EEOC, and DOL, as well as the advocacy community, to act in a timely and judicious manner, and avoid undesirable activity (e.g. legislation that could weaken the ADA).

GAY/LESBIAN OUTREACH

Meeting with AIDS protesters from VP Gore events. A small number of AIDS activists, who have developed an ad hoc partnership between members of Ralph Nader's group and ACT UP, believe the Administration (and the Vice President in particular) has been threatening trade sanctions against South Africa in an effort to prevent them from exercising their rights under existing international agreements. Under these agreements, South Africa seeks to obtain AIDS drugs through compulsory licensing and parallel importing. On Tuesday, Richard Socarides, Sandy Thurman, and others responded to the criticism by hosting a productive meeting with representatives of groups that have been protesting. Although the Vice President will soon issue a letter clarifying his and the Administration's position, these groups believe that neither you nor the Vice President have been well served in the previous articulation of Administration policy.

JEWISH OUTREACH

Other religious groups raise concern about Iranian Jews. We have been coordinating with NSC and State to monitor the situation, as well as working with Jewish and other religious groups. The US Catholic Conference has written to the Iranian Ambassador here, and the American Muslim Council (AMC) has asked that Embassy for permission to send a delegation to Tehran to discuss the fate of the Jews and the status of US/Iranian relations. The AMC has not had a response from the Embassy, which is probably good news, as the Catholics got an immediate response that this is not a religious issue, but one of internal security. The Muslim Public Affairs Council has issued a statement of concern.

RELIGIOUS OUTREACH

Muslim Concern about Secret Evidence. At a recent State Department meeting, Muslim groups reiterated their distress over deportations based on secret evidence. They would like the Administration to support Rep. Bonior's bill, H.R. 2121, which would ensure that secret evidence is not used against any Muslim for removal, denial of benefits under the Immigration and National Act, or any other deprivation of liberty.

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THE WHITE HOUSE

WASHINGTON

6-28-99

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June 25, 1999

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

FROM: BEN JOHNSON

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

ACTIONS

Racism, Stop It! Action 2000: We convened a meeting with representatives from the Canadian Embassy, YWCA USA and the Millennium Council along with NSC and the Counsel's office to discuss YWCA's proposal to launch an American anti-racism campaign, similar to the Canadian model. Other parallel campaigns are being considered in Britain, South Africa and Australia. Canada's campaign is funded significantly by its Department of Multiculturalism, a cabinet level government agency.

Since the US does not have a counterpart entity, we walked through a variety of scenarios and the consensus was that the campaign was best pursued as a Millenium Project funded by federal agencies and corporate support. As a follow-up, we approached the Millennium Council staff and its Agency Working Group about forming a partnership with YWCA USA to launch the anti-racism campaign as a Millennium Project. I presented information and background materials on the proposal and received a positive response.

On an additional note, your anti-racism message, in both English and French, has been posted and has joined those from President Nelson Mandela, Prime Minister Tony Blair, The Prince of Wales and the Canadian Prime Minister and Governor on the "Racism, Stop It! Action 2000" website (www.march21.com).

Good

One America Interagency Working Group: We attended the Agency Chiefs of Staffs meeting and presented the One America Interagency Working Group Charter and Memorandum, setting up the formal structure for our office and the Agencies. In addition, I distributed copies of the GSA Honest Dialogues Guide, along with copies of Administrator Barram's memo and shared your comments on their efforts, and urged all the agencies to consider following GSA's lead.

Corporate Diversity and Investment Bankers: We are looking for additional events and catalysts to energize different sectors, to pursue diversity and empowerment. Currently, we are in the midst of pinning down a date for your "Call to Action" to the legal community. You may recall that this Presidential challenge evokes President Kennedy's call in 1963. Next week, we are meeting with a group of corporate workforce diversity directors from Fortune 500 companies to brainstorm on issues and strategies to enhance corporate diversity. It is our hope to utilize their expertise and knowledge to further corporate engagement.

<u>CONSTITUENT OUTREACH</u>

Freedom Ride '99: At the request of Rabbi David Saperstein, we met with a group of African American and Jewish youth who were retracing the Freedom Rides of the 1960's on a bus tour down the East Coast to Mississippi. The participants were a very diverse group of students, led by Ben Chaney, whose brother James was one of the three civil rights workers slain in the infamous case. We had a lively and engaging discussion and a very frank exchange about continuing, pervasive racism and troubling practices like profiling and brutality. Surprisingly, the brutality issue was brought up by a white youth.

Health Disparities: As a follow up to the brainstorming session that we hosted on race and gender bias in health care, Dr. Satcher and a group of medical professionals have developed six priority areas for future discussion, as we try to end disparities in health. The priorities are to: 1) engage the health profession at every level to improve sensitivity to gender and race; 2) engage health professionals to be educated and trained to improve awareness and sensitivity to the impact of race and gender on the patient-provider relationship; 3) create a more balanced research agenda; 4) develop new strategies to enhance diversity among health care professionals and researchers who are involved in a broad and balanced research agenda; 5) identify opportunities for civil rights intervention and enforcement; and 6) identify strategies for policy development.

Everyone agreed that the dialogue that began at our meeting would continue among medical practitioners on an individual and group basis. Dr. Satcher is in the process of organizing an in-depth, one-and-a-half day follow-up meeting in the near future to fully develop each of the six recommendations

One America Congressional Resolution: Representative Charlie Rangel and thirty-two diverse group of members of Congress have co-sponsored a Congressional resolution, "Celebrate One America" (H.Con.Res. 141), to commemorate the unity of all Americans. The resolution is expected to pass in time for the July 4th celebration. Please see copy attached to this memorandum.

Affirmative Action: I attended a strategy session on affirmative action hosted by the Leadership Conference on Civil Rights. A Washington State complaint has been filed against Ward Connerly for not reporting a half million dollars in his Washington State anti-affirmative action effort. Those in attendance want the IRS and other investigative bodies to determine whether any laws have been broken.

Additionally, according to data coming out of California, only two African Americans have been admitted to the UCLA law school in the fall. This session will be followed-up by a meeting with a task force of lawyers who will look for opportunities to bring suits in cases where minority students with four point grade averages get disqualified by other criteria, such as course work that is not offered in their schools.

White House Intern Program: I addressed this summer's class of interns as the kick-off guest in their Speakers Series. We covered a range of topics from your One America budget proposal to affirmative action issues. I also pointed out that you not only have perhaps the most successful administrations, it is also the most diverse in the history of the country.

CABINET RACE INITIATIVE WEEKLY

Department of Commerce

Consultations with Minority Business: The Minority Business Roundtable, modeled after the Business Roundtable, recently held its first steering committee meeting. The Roundtable will be made up of the CEOs of the 200 largest minority-owned businesses in America. In addition, MBDA will hold its 3rd Minority Business Coordinating Council meeting on June 29. The Council is made up of over forty minority business organization CEOs and representatives of other organizations focusing on issues facing Minority Business Enterprises.

Department of Housing and Urban Development

Grants for Rural Housing and Economic Development: Secretary Cuomo announced $25 million in HUD grants to create jobs, spark economic development and improve housing conditions in rural communities in 29 states and Puerto Rico. The HUD grants will fund housing and economic development programs by state housing finance agencies, state community development and economic development agencies, local rural non-profit organizations, Native American tribes, and community development corporations. A total of $15 million in grants will go to innovative local programs, $6 million will be used as seed money to start new programs, and $4 million will be used to help grant recipients improve their capacity to run housing and economic development programs.

Sacramento Area Synagogues: Secretary Cuomo met with California Governor Gray Davis and the leaders of three synagogues destroyed by predawn attacks. HUD will extend $6.8 million in low-interest loan guarantees, available under the Church Arson Prevention Act 1996, to help them rebuild. HUD will also make available funding and the advice of experts for a Community Reconciliation Initiative in the Sacramento area to reduce discrimination and encourage tolerance of different religious, racial and ethnic groups.

The initiative will help Sacramento area communities relieve community tensions and increase activities to reduce housing discrimination. The Community Reconciliation Initiative will be a long-term program designed to help prevent future hate crimes.

Pine Ridge Reservation: Overwhelming cooperation and coordination by the Tribal Government, Oglala Sioux Housing Authority, and all agencies has enabled the Pine Ridge Indian Reservation to move from the emergency phase of the disaster to the recovery phase in one week. As of this week 550 Native American families have registered for assistance with grants already being issued for housing assistance. Inspections by FEMA of 252 damaged properties were completed in the first five days following the natural disaster.

As of June 16, a Disaster Recovery Center was opened on the Pine Ridge Reservation with space provided for representatives from FEMA, HUD, SBA, BIA, officials of the Oglala Sioux Tribe, and Congressional Office staffs. The Center is open from 10:00AM to 7:00PM Monday through Saturday with transportation to the Center provided from all outlying areas.

Department of Transportation

Bus Drivers Charge Bias at Contra Costa County Transit: On June 17, a lawsuit was filed in the U.S. District Court in San Francisco claiming that African American drivers were routinely subjected to racial slurs and an atmosphere of prejudice at the transit authority. The suit does not specify how much the drivers are seeking in damages. County Connection, which serves central Contra Costa, operates a fleet of 112 buses and employs more than 200 bus drivers, dispatchers and road supervisors. The lawsuit states that complaints have already been filed against County Connection with both the Equal Employment Opportunity Commission and the California Department of Fair Employment and Housing.

Environmental Protection Agency

Town Hall Meeting on Diversity: On June 24, Administrator Browner hosted an employee town hall meeting on workforce diversity issues. The event provided an important opportunity for the Administrator and EPA senior managers to share information and express their long-term commitment to ensuring that the Agency's workplace is free from discrimination and provides equal employment opportunity to all employees. The program included a presentation of statistical information regarding minority representation in EPA's workforce, as well as direct dialogue with Headquarters employees.

Small Business Administration

Small Disadvantaged Businesses: SBA briefed the Federal Trade Commission (FTC) on the Small Disadvantaged Businesses Outreach program, size issues, women-owned businesses, and the 8(a) loan program. Twenty government officials from a variety of agencies representing the Small Agency Council were in the audience. SBA also participated in the Native-American Casino/Conference seminar held in Reno, Nevada sponsored by the Intertribal Council of Nevada. Approximately forty tribal leaders attended the seminar.

Office of Personnel Management

Asian Pacific Caucus Requests Briefing on Federal Employment: Chairman Underwood of the Congressional Asian Pacific Caucus has requested that OPM provide a briefing for the Caucus' Executive Council at the organization's next meeting. The caucus has inquired about the extent to which Asian-Americans are represented in Federal occupations at individual departments and agencies. The Caucus seems particularly interested in employment statistics by grade level at the Departments of Energy, Defense, HHS, and Justice.

Social Security Administration

Hispanic Affairs Advisory Council Hosts National Conference: On June 30 – July 3, SSA's Hispanic Affairs Advisory Council will host its National Conference in Chicago. The Hispanic Affairs Advisory Committee is made up of SSA employees who work to further the knowledge of the Hispanic population regarding Social Security programs and to advise the Commissioner on Hispanic employee concerns. The National conference serves as a forum to address the quality of service SSA offers Hispanic customers and how the Agency is meeting the need for continued improvement and a diverse workforce.

Radio Interview with Global Radio: On July 2, Carolyn Colvin, SSA's Deputy Commissioner for Operations, will conduct a half-hour radio interview with Global Radio Incorporated in Chicago, IL. Global's primary audience (about 70,000) is of Chinese ancestry. In addition to the Chicago area, the station is transmitted via satellite to other parts of the country. Ms. Colvin will discuss the "Future of Social Security."

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK
DEPUTY WHIP
COMMITTEE:
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RANKING MEMBER
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Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICES:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

☐ 2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348–9630

PLEASE RESPOND TO
OFFICE CHECKED

June 23, 1999

CELEBRATE
ONE AMERICA
H. Con. Res. 141

Dear Colleague:

As we approach Independence Day, July 4th, I invite you to join me as a co-sponsor of a Congressional resolution celebrating the unity of all Americans: H.Con. Res. 141, the One America Resolution.

America's greatness and uniqueness as a nation of immigrants is not a partisan issue. Whatever our ancestry, we have joined together in striving to overcome racial, ethnic and religious divisions, and while doing so, have achieved the heights of opportunity, prosperity, understanding and unity.

As a fitting example to our country, let us join together in celebrating America's birthday.

If you wish to sign on as cosponsor of the **CELEBRATE ONE AMERICA** resolution, please contact Sara Fusco or Patrick Lespinasse at ext. 54365.

Sincerely,

Charlie

CHARLES B. RANGEL
Member of Congress

(Text on reverse side)

H.L.C.

(Original Signature of Member)

106TH CONGRESS
1ST SESSION

H. CON. RES. ___

IN THE HOUSE OF REPRESENTATIVES

Mr. RANGEL submitted the following concurrent resolution; which was referred to the Committee on ______________________

CONCURRENT RESOLUTION

Celebrating One America.

Whereas the United States is a nation of immigrants, whose 270,000,000 inhabitants hail from every corner of the globe;

Whereas from Ellis Island to the Pacific coast, the United States has welcomed immigrants seeking freedom and opportunity;

Whereas the United States democratic system of government mandates equal protection under the law and the right to life, liberty, and the pursuit of happiness for all its citizens;

Whereas the United States endured a civil war for emancipation, and in doing so, formed a permanent union and a society of equals;

Whereas the United States has outlawed racial, ethnic, and religious bigotry to create the world's greatest multicultural society;

Whereas the United States respects the individual and welcomes each one's participation in our democratic society;

Whereas the United States is the preeminent land of opportunity which rewards hard work, ingenuity, and perseverance;

Whereas the ethnic diversity of the United States has provided an abundance of energy, creativity, and prosperity;

Whereas people in the United States recognize and reward the contributions of members from every group;

Whereas people in the United States are working to close opportunity gaps so that all may share in the great prosperity of our Nation;

Whereas people in the United States of all backgrounds have sacrificed their lives in war to defend the cause of freedom for people around the world; and

Whereas people in the United States of African, Asian, European, Latin American, Middle Eastern, and Native American backgrounds cherish and celebrate their various national, ethnic, and religious heritages: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that all people in the United States should reach out across our differences in ethnicity, race, and religion to respect each other and to celebrate, in friendship and unity, one America.

'99 JUN 25 PM 9:47

THE WHITE HOUSE

WASHINGTON

6-28-99

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June 25, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra

SUBJECT: Office of Intergovernmental Affairs Weekly Report – June 21-25, 1999

FEDERALISM

Next week, we plan to bring closure to our consultations with the Big Seven organizations of elected officials on the Federalism Executive Order. We expect to receive the support of nearly all the organizations.

FOOD STAMPS ON MILITARY BASES

After your visit to Norfolk, Virginia in April, you asked us to explore avenues in which eligible military personnel could apply for food stamp assistance on military bases. The DOD and USDA have just finalized a Memorandum of Understanding (MOU) that will allow states the flexibility to establish rules and guidelines for such application. The Memorandum also covers the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

GOVERNORS

Governor Carnahan (D-MO) sent a note on June 16 to personally invite you to attend NGA's Summer Meeting in St. Louis, August 7-10. We are working with the Scheduling Office and NGA on this request. We also have worked with the NSC to prepare your response to the governor's request seeking your assistance to help promote sales of Boeing's F-15 which is manufactured in St. Louis.

Governor Siegelman (D-AL) came to the White House on Monday, June 21 for a discussion of additional transportation dollars for Alabama and other issues. We briefed the Governor on your domestic agenda priorities.

Governor Ventura (Reform-MN) visited the White House on Wednesday, June 23 to meet with Gene Sperling and me. The Governor wanted to ensure that agriculture was given top priority at the WTO talks later this year. Gene assured him that it would be discussed at great length. We also discussed reforming federal dairy policies to create a more level playing field for dairy producers and outlined your support for action to help farmers. Finally, the Governor requested that agriculture products not be included in any future trade sanctions of a country which results in farmers losing vital markets.

The Democratic Governors' Association (DGA) is holding a policy conference on technology and education in Seattle today. Fred DuVal and Minyon Moore are attending.

US CONFERENCE OF MAYORS

I attended the US Conference of Mayors (USCM) Annual Meeting in New Orleans along with IGA staff member Barbara Hunt. Mayor Webb (D-Denver, CO) was elected President. He stated that his priorities will include smart growth, promoting the competitive assets of the cities, and investing in America's working families. Additional leadership installed at the conference included Mayor Coles (R-Boise, ID) as President-elect, and Mayor Marc Morial (D-New Orleans, LA) as Advisory Board Chair.

The mayors responded favorably to your video remarks and the Vice President's keynote address. The Vice President received the endorsement of 167 Mayors on June 13.

A letter was sent to Speaker Hastert urging Congress to adopt stronger gun control legislation. The letter, signed by 82 mayors, received wide media coverage.

At the meeting, mayors from around the country spoke of the success they have had in fighting crime, and were alarmed by the Senate Appropriations Committee's vote to eliminate funding for the COPS program. IGA and DOJ are working with the USCM on the development of an outreach strategy to protect the COPS program.

The Millennium Council added 45 cities at the conference.

RIO GRANDE VALLEY

On Thursday, June 24, IGA hosted a briefing for mayors and other local elected officials from Rio Grande Valley of south Texas. The NEC, Vice President's Office, Legislative Affairs, Community Empowerment Board and HUD briefed the participants. The 20 plus elected officials expressed appreciation for the two visits you have made to their area.

CENTER FOR POLICY ALTERNATIVES

On Friday, we hosted The Center for Policy Alternatives 1999 Flemming Fellows- a bipartisan group of 35 state legislators from 20 states- at the White House to discuss your domestic policy agenda.

NALEO

IGA, Legislative Affairs and Political Affairs attended the National Association of Latino Elected and Appointed Officials (NALEO) Conference in Philadelphia. The main topics included the census, immigration, education and Puerto Rico. The Vice President addressed the Conference on June 19. He was well received by a standing room only crowd. Long time Speaker of the New Mexico House of Representatives, Ray Sanchez (D), was selected President.

INSULAR AREAS

Vieques, Puerto Rico Bombing: Congressman Carlos Romero-Barcelo (D) and several other Puerto Rican leaders expressed concern about the panel Defense Secretary Cohen appointed in response to your directive for an independent review of the Navy bombing practice on the island of Vieques. Critics doubted three of the four members would make independent judgments because of their military connections. However, Romero and Representative Jose Serrano (D-NY) praised the other member, ex-Rep. Lee Hamilton. Governor Pedro Rossello (D) said he believed the panel would be independent. Meanwhile, we helped arrange an agreement between the Governor and Navy Secretary Danzig regarding a Navy exercise 50 miles off the shores of Vieques beginning June 21 -- essentially defining it not to be a "Vieques" exercise. Rossello and other Puerto Rican leaders had earlier seen it as a Navy "provocation."

Rum Tax Transfer Advances: The Senate Finance Committee approved your proposal to give Puerto Rico and the Virgin Islands the $3 of the tax on rum from the islands and foreign areas that is now not given to the islands, but only for the last quarter of this fiscal year. Still, insular officials see it as a precedent for a longer term measure. They are also encouraged because the House Ways and Means Committee approved a similar measure recently.

New York Puerto Rican Parade: The Puerto Rican Day Parade in New York reportedly drew millions of people. The major issues raised were requests that you (1) release from prison 15 individuals convicted of crimes committed in the name of Puerto Rican independence and (2) end the Vieques bombing.

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THE WHITE HOUSE

WASHINGTON

June 24, 1999

MEMORANDUM FOR THE PRESIDENT

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THROUGH: JOHN PODESTA

FROM: LYNN CUTLER Lynn

CC: MARIA ECHAVESTE

SUBJECT: INDIAN COUNTRY

New Markets Initiative

- I've been working on your visit to Pine Ridge. As you know, the Ogala Sioux Tribe resides on the Pine Ridge Reservation and Harold Salway is the Tribe's President. President Salway is, of course, ecstatic about your visit. I am actually going out there this weekend with some folks from the Department of the Interior to meet with President Salway and the Tribal Council. One of the projects we are trying to bring to closure for you to announce is a Visitor's and Tourist and Cultural Center at the south end of Badlands National Park, which is on the reservation.

- There are still several other potential announcements--one would involve a contribution by Gateway, Inc. to the Indian community college to train students in data processing. Senator Daschle is asking them to do make this contribution.

- Another proposal that may require help from you is an idea from the Federal Communications Commission to have spectrum from the Department of Defense dedicated for tribal use. Wireless communication is the best solution for some of the reservations, i.e., Navajo, as well as the tribes in the Dakotas and Montana. Only 41% of the people at Pine Ridge have phones in their homes. It is far less at Navajo. If we can get communications capability into Indian country, economic development will follow. I have attached a letter from Chairman Kennard regarding this proposal.

- The very fact that you are going to Indian country as part of New Markets is sparking a tremendous amount of activity that will be helpful to many of the tribes. I know that was your intention, and it is certainly working!

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MEMORANDUM FOR THE PRESIDENT
PAGE TWO

Mississippi Delta

- I called your friends William Winter, Ray Mabus and Mike Espy to tell them that you are coming to the Delta. Everyone is very pleased and hopes to see you there.

Yes
Dick Molpus too

OFFICE OF
THE CHAIRMAN

June 24, 1999

Ms. Lynn G. Cutler
Deputy Assistant to the President and
Senior Advisor for Native American Affairs to the Chief of Staff
The White House
Washington, DC 20502

Dear Lynn:

Ensuring that Native Americans benefit from the great promise of new telecommunications technologies is among my highest priorities as Chairman of the Federal Communications Commission. As you know, Native Americans, particularly those living on reservations, are some of the most economically disadvantaged people living within our borders. As we move further into the Information Age, we must not let this disadvantage grow simply because reservations have disproportionately low access to basic telecommunications technologies like plain old telephone service or to advanced services like the Internet. While we are exploring several ways to increase access, I am writing now to ask for your help on one particular way to increase telephone service on reservations using wireless technology.

Currently, the FCC has available fifty megahertz of radio spectrum in the 3650-3700 MHz band that can be used for fixed wireless access (FWA). However, for FWA to be offered on an effective and efficient basis, it is necessary to have more spectrum. Specifically, additional spectrum in the 3400-3700 MHz band is required. The problem with establishing FWA service in this spectrum is that the 3400-3650 MHz band is used by the Department of Defense (DOD) for Navy radar and AWACS aircraft operations. My technical experts at the Commission, backed by private studies, are confident, however, that sharing the 3400-3650 MHz spectrum with DoD is both possible and practical.

FWA service is the best option for expanding telecommunications access to reservations because it is a proven technology and because it can be deployed quickly using existing equipment. Countries in Europe, Asia, Africa, and South America already have FWA service in the 3400-3700 MHz band, and the equipment used there can also be used in the United States with little or no modification. Even within North American, Canada and Mexico have allocated spectrum in this region for FWA. The existence of ready-to-use equipment is important because it means that FWA service can be deployed immediately after the spectrum is made available. It also means that equipment producers and ultimately consumers would gain the benefits of worldwide economies of scale. During the Commission's recent field hearings, I was able to observe the use of this equipment for telephone service on an Arizona reservation under an experimental license.

The Commission needs the support of the Executive Branch to authorize access to at least one-hundred megahertz of spectrum in the 3400-3700 MHZ band. I firmly believe that a reasonable sharing plan with the Department of Defense is possible and I look forward to talking with you further about this and other matters regarding expanded Native American access to telecommunications services.

Sincerely,

William Kennard

William E. Kennard

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WASHINGTON

June 23, 1999

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Release of FY 2000 Mid-Session Review (MSR)

FROM: SEAN MALONEY
DAVID GOODFRIEND

The attached Lew/Sperling memo asks you to approve a new budget framework and presentation of discretionary spending priorities in light of improved budget surplus forecasts in the MSR. *Jack and Gene ask for your guidance as soon as possible because they would like to release the MSR this Monday, June 28, in anticipation of CBO's July 1 release of revised estimates.*

MSR projections. The MSR projects the following increases over the February estimates in the unified budget surplus: \$20 billion in 1999; \$25 billion in 2000; \$112 billion in 2014; \$1.061 trillion total over 15 years. About ¾ of this increase comes from the on-budget (non-Social Security) surplus, but the on-budget surplus remains relatively small in the early years (\$5 billion in 2000 and \$25 billion in 2001), leaving little maneuvering room in the next two years.

New budget framework. The on-budget surplus estimates present an opportunity to frame the current budget debate; Congress only supports the on/off-budget construct and Jack and Gene say that the MSR's estimated on-budget surplus therefore allows you to move the debate forward. Their proposed framework would maintain your current commitment to targeted tax relief through USA accounts, rather than beginning a tax-cut bidding war with Congress, and still would eliminate public debt by 2013. Your advisers all agree on the following framework (and seek guidance from you on how to present the discretionary spending, in #4 below):

1. **Social Security off-budget.** The revised surplus estimate allows you to do this while still funding your discretionary spending, USA Accounts, and Medicare reform at strong levels. On the other hand, using most of the improved surplus this way will prohibit significant additional funds for tax cuts, Medicare, or discretionary spending over the next 5-10 years.
2. **New Social Security "lock-box."** Taking Social Security off-budget would allow putting the Social Security surplus in a lock-box for debt reduction and then, starting in 2010, transferring from on-budget the resulting interest. Unlike the current proposal (*i.e.*, lock-box to pay down debt, then give additional bond to trust fund to increase solvency), this would be easier to describe and would avoid transferring general revenues to Social Security, among other things.
3. **Medicare.** Increase proposed Medicare transfers over 15 years by about \$150 billion, with a new prescription drug benefit. Jack and Gene say that this still would provide the same measure of solvency as did the February framework and, among other things, presents the best way to block a dangerously large tax cut.
4. **Discretionary spending.** Increase discretionary spending by \$53 billion over 15 years. Jack and Gene suggest that, in presenting this increase, you could emphasize funding for

THE PRESIDENT HAS SEEN
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education programs and children, but caution that allocating specific areas could invite requests for funding in others. They ask whether you would like to (1) stay with the current approach of not allocating discretionary funds to specific programs; (2) highlight military readiness and education; or (3) highlight a longer list of priorities (*e.g.*, readiness, education, veterans, biomedical research, agriculture). *Please see attached Table 4 for more details.*

Action:

Approve budget framework √_____ Disapprove _____ Discuss _____

If you approve budget framework, present increased discretionary spending by:

Maintaining current approach of not specifying allocations _____

Highlighting military readiness and education _____ or

Highlighting a longer list of priorities (*e.g.,* readiness, education, agriculture) _____

Discuss _____

THE WHITE HOUSE

WASHINGTON

June 23, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: Jacob J. Lew
Gene Sperling

SUBJECT: Release of FY 2000 *Mid-Session Review* - DECISIONAL

We are currently preparing the *Mid-Session Review* (MSR) of the fiscal year 2000 budget in advance of the July 15 statutory deadline. The revised budget projections suggest a substantial increase in the surplus from our February budget estimate. The size of the surplus projections suggests a need to update your budget program to control the policy debate, because with these new estimates the Congress could easily draft a popular package that meets some of our goals and still provides a large and irresponsible tax cut. We believe that by acting aggressively, we can increase the likelihood of achieving your Social Security, Medicare, debt reduction, tax cut, and discretionary goals. This memorandum presents for your consideration a recommendation for a new budget framework, and a rollout strategy for this framework and your Medicare policy in the context of the MSR. The only decision we need quickly is whether to adopt the new budget framework described below.

The Mid-Session Budget Projections

The MSR projects increases over our February estimates in the unified budget surplus of $20 billion in 1999 and $25 billion in 2000, rising to $112 billion in 2014 (see Table 1). The MSR projects a total increase of $1.061 trillion over the full 15 years. About three-quarters of this increase comes from the on-budget (non-Social Security) surplus. The ten-year on-budget improvement is $336 billion – almost equal to the $350 billion that your February framework transferred to Medicare over the same period. When CBO issues its new estimates on or near July 1, we expect CBO to increase its estimated surpluses, though probably by a smaller margin than we did because their estimates were already higher.

Even with the large increases described above, the on-budget surplus remains relatively small in the early years ($5 billion in 2000 and $25 billion in 2001) leaving little budgetary maneuvering room in the next two years (see Table 2). Further, while the recent improvements in our fiscal condition are undeniable, large surpluses remain only a projection, and less desirable outcomes are certainly possible.

The Need to Shape the Debate, and the Opportunity to Address Concerns

Although the basic construct of our budget framework (i.e., allocate all of the surplus among key priorities including Social Security, Medicare, Universal Savings Accounts, and discretionary program needs) is sound, we recommend several changes in light of the larger projected surpluses.

Under the new Mid-Session estimates, as noted earlier, the ten-year improvement in the on-budget surplus is $336 billion. The total on-budget surplus over ten years is $1.086 trillion. Thus, it would be possible for Congress to accommodate your $350 billion Medicare proposal from just the improvement to the on-budget outlook, and pay for an extremely large tax cut that creates substantial risk to the economy if we have any decline in the forecast -- while doing nothing to save Social Security, provide for USAs, or meet discretionary needs. Furthermore, at that point, the on-budget surplus would be fully allocated, and any subsequent bad news would likely fall fully on the core functions of government.

New Budget Framework

The current on-budget surplus estimates present a crucial opportunity with regard to framing the current budget debate. As you know, there is no support from Congress for anything but an on/off construct, and the fact that the MSR estimates an on-budget surplus (even though small in the early years) gives us the chance to move the overall debate forward. Within the new budget framework we are recommending, we would stress the dramatic turnaround in the Nation's fiscal situation over the last six years and the fact that not only are we going to run a budget surplus – the first in 30 years – but also that we will run an on-budget surplus. This is the only issue that we need your immediate guidance on to finalize the MSR (see Table 3). We can work out the remainder of the details at the end of the week. It is our recommendation that this new framework incorporate the following:

- **Moving To Take Social Security Off-Budget.** When doing our initial budget -- many of us, including yourself – saw a significant political attraction in taking Social Security off-budget. The problem was that, at that time, taking Social Security off-budget would have had the following two downsides: (1) it would have left significant on-budget deficits for years to come taking away the notion of a balanced budget and probably forcing more cuts of discretionary spending; and (2) it would not have allowed for funds for military readiness, Medicare, and USA Accounts. As you will recall, when the Republicans sought to go off-budget with a large tax cuts they could only do so if they allocated zero funds for Medicare and submitted a draconian discretionary budget.

  The increase of the surplus in the MSR offers us the opportunity to take Social Security off-budget, while still being able to fund our discretionary spending, USA Accounts and Medicare reform at strong levels. Indeed, as you will see below, with the MSR improvement we will be able to move social Security off-budget and still maintain or even increase our commitments to discretionary spending, Medicare and USA tax cuts over a ten to fifteen year period.

On the other hand, it is important to understand that because most of the improvement will be used to take Social Security off-budget and continue to make it so we are able to afford our existing priorities, the MSR "bump up" will not allow us significant additional funds to increase tax cuts, Medicare or discretionary spending over the first five to ten years.

- **New Social Security Lock-Box.** As we take Social Security off-budget, we would recommend proposing a new Social Security "lockbox." In the State if the Union proposal, as you know, we essentially had a lock-box that paid down the debt and then gave an additional bond to the Social Security Trust Fund to increase solvency. In our new budget framework, we would present a cleaner, crisper, presentation of how a strong Social Security debt reduction lock-box would increase solvency. Under the new Social Security "lockbox," we would put the Social Security surplus in a "lockbox" for debt reduction and then starting in 2010 we would transfer from on-budget the interest savings generated from the Social Security debt reduction "lockbox." The advantages of this lock-box are the following: (1) easier to describe that debt reduction creates interest savings and that only those interest savings are going to Social Security solvency; (2) takes away the confusion created by the transferring of two bonds for each portion of the surplus; (3) all transfers are going from on-budget (when it would be afforded) so there is less of an appearance of double counting; and (4) for those who don't like transferring general revenues to Social Security, this is an "eat what you sow" approach; the only general revenues being transferred are those that are created by the interest savings from the debt reduction in the Social Security "lock-box". We can describe our Social Security "lockbox" as providing double protection against diverting social security payroll taxes. First, it protects Social Security taxes by locking them up for debt reduction, then it ensures that interest savings from the "lockbox" go to Social Security solvency instead of being diverted to other uses.

- **Medicare.** Our new budget framework would increase our proposed Medicare transfers over fifteen years by nearly $150 billion compared to the original framework, and would provide a new prescription drug benefit that would modernize Medicare, increase efficiency in our overall healthcare system, and relieve a significant out-of-pocket burden on much of our senior population. Our new budget framework would provide essentially the same measure of solvency as under the February framework. We believe that Medicare is the most effective way to block a large tax cut and is a proxy for debt reduction which is the best way to protect against the possibility of an economic downturn. Under this recommendation, Medicare transfers would represent 15 percent of the on-budget surplus, as was the case in the February plan. Because of the increased surplus available, a lower percentage of the surplus could be dedicate to Medicare transfers while continuing to increase the dollars available for Medicare over the February plan.

- **Discretionary Spending.** Finally, our new budget framework would provide for an additional $53 billion over fifteen years for discretionary spending. Combined with our original discretionary proposals, this would bring the total to $534 billion, 10 percent of the surplus. There is a strong argument to present much of our discretionary spending as funding for priority education programs and children.

  As a block to a tax cut, education would be more effective than "funding for critical priorities." In February, however, we decided not to allocate these funds to specific purposes to avoid having to indicate what specifically would not be provided for in the outyears. We would be called upon to explain why we singled out education and not agriculture, veterans, research, or other popular programs. If we specify too many priorities, it will make clear that "core" government, such as international funding, will be unacceptably tight. We will need your decision on whether to stay with the approach in our February budget or add education and other specific commitments. Attached are three possible presentations (see Table 4).

- **Tax Cuts.** Our new framework would maintain your current commitment to target tax relief through a new USA account that will make retirement savings universal. We anticipate USA transfers that fully implement the SOTU policy, but cost somewhat less in the early years because of a slower phase-in. We have argued that the USA accounts are our tax cuts done the right way. Also, as you remember, your February budget contained an additional $76 billion of tax cuts over ten years for child care, making health care more affordable, expanded education initiatives, and other programs. Some would argue that we should factor into our framework a reasonably sized tax cut in addition to USAs and these tax proposals. However, such a proposal would likely begin an upward bidding cycle with Congress and would make it impossible to maintain or increase funding in other areas. Since there is no room in the early years to increase the tax cut, the only option for a larger tax cut would resemble what we have criticized as fiscally dangerous "exploding" tax cuts,

  LTC

- **Debt Reduction.** Under the new budget framework, debt held by the public would be eliminated in 2013. This is roughly the same time period projected in our original framework. Taking Social Security off-budget and allocating the on-budget surplus for a targeted tax cut, Medicare, debt reduction, and important discretionary investments will give us the opportunity to shape the budget debate and maintain the fiscal discipline and investments in our future that have helped create the surplus we now enjoy.

The *Mid-Session Review* Rollout

We plan to release the MSR before the scheduled CBO midyear update of July 1. We believe that this is essential, because Congressional critics will seize on any news of larger surpluses to press their case for a tax cut without regard to the impact on discretionary priorities or Medicare. If we present our projections first, we can frame the debate to highlight both our fiscal policy and our priorities, e.g., Medicare and education.

We have tentatively concluded that the best rollout would have the release of the MSR on Monday, June 28. This release would include the new budget numbers, the budgetary transfers for Social Security and their implications for solvency, and the budget transfer amount for Medicare. This means reaching final decisions on our Medicare proposal in the next few days is crucial.

The coincidence of the completion of the MSR and the Medicare policy also raises communications issues. The MSR document and rollout materials would make reference to our Medicare principles, and would state that our Medicare program savings and our prescription drug policy would be announced on the next day, Tuesday, June 29. In that rollout, we would reveal the specific Medicare policies, and explain their interaction with the new budget numbers in detail. If it was deemed appropriate, we would have a further Social Security event later in the week, perhaps to discuss and explain our approach to a lockbox for the off-budget surpluses as part of our new on-budget/off-budget framework.

Decision

- **Budget Framework:**

Approve New Framework _____ Retain Original Framework _____

Let's Discuss _____

- **Discretionary Spending:**

Option 1. _____ Option 2. _____

Option 3. _____ Retain Original Framework _____

Let's Discuss _____

Table I

15-YEAR BUDGET TOTALS PENDING SOCIAL SECURITY AND MEDICARE REFORM

(In billions of dollars)

	Budget Estimates											Projections 1/							
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	00-04	00-09	00-14
February Budget Policy Pending Social Security and Medicare Reform:																			
Unified surplus.................	79	117	134	187	182	208	231	283	320	354	393	429	464	495	520	536	828	2,409	4,854
On-budget....................	-42	-12	0	44	31	50	58	103	131	156	188	221	253	284	312	333	114	750	2,153
Off-budget....................	121	129	134	142	151	158	173	179	190	198	205	208	211	211	208	203	714	1,659	2,701
Mid-Session Policy Pending Social Security and Medicare Reform:																			
Unified surplus.................	99	143	169	220	223	254	287	344	389	428	474	517	566	603	635	665	1,009	2,929	5,915
On-budget....................	-25	5	25	66	58	79	94	142	174	203	240	283	328	364	398	432	233	1,086	2,891
Off-budget....................	124	137	144	154	165	175	193	202	215	225	233	234	237	239	238	233	776	1,843	3,024
Changes from the February Budget to the Mid-Session:																			
Unified surplus.................	20	25	35	34	41	46	55	61	68	74	80	88	101	108	115	129	181	520	1,061
On-budget....................	17	17	25	22	27	29	36	39	44	47	52	63	75	80	86	98	119	336	738
Off-budget....................	3	8	10	12	14	17	19	22	25	27	29	26	26	28	29	31	62	183	323

1/ Projections are an OMB extension of detailed agency budget estimates through 2009.

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Table II

FRAMEWORK FOR SOCIAL SECURITY AND MEDICARE REFORM

(Dollars amounts in billions)

	Subtotal 2000-2004	Subtotal 2000-2009	Total 2000-2014
Reserve pending Social Security and Medicare reform	1,009	2,929	5,915
Off-budget	776	1,843	3,028
On-budget	233	1,086	2,887
Allocation for Social Security solvency and debt reduction:			
Off-budget surplus	776	1,843	3,028
On-budget transfers to extend Social Security solvency and reduce debt	0	0	503
Total allocation	776	1,843	3,532
Allocation of remaining on-budget surplus:			
Transfers to strengthen Medicare and reduce debt	53	363	833
Universal Savings Accounts	25	263	544
Discretionary investments:			
Military readiness	55	127	183
Investments for a secure future	55	127	183
Children First fund	28	74	168
Total discretionary investments	138	328	534
Financing costs	16	132	472
Total allocation	232	1,086	2,383
Total allocation of surplus	1,008	2,929	5,914
Off-budget	776	1,843	3,028
On-budget	232	1,086	2,886
Memorandum, total debt reduction	810	2,156	4,353

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Table III

CHANGE IN RESOURCES, 2000 THROUGH 2014
(Dollar amounts in billions)

	February Budget		Mid-Session Review	
	Surplus Amount	Percent of total	Surplus Amount	Percent of total
Amount of surplus available:				
Off-budget..................................	2,701		3,028	
On-budget..................................	2,153		2,887	
Total......................................	4,854		5,915	
Allocation for Social Security solvency and debt reduction:				
Off-budget..................................	2,701		3,028	
On-budget..................................	63		503	
Total......................................	2,764	62%	3,532	65%
Allocation of remaining on-budget surplus:				
Transfers to strengthen Medicare and reduce debt......................	686	15%	833	15%
Universal Savings Accounts........	536	12%	544	10%
Discretionary investments...........	481	11%	534	10%
Total......................................	1,703		1,911	
Total allocation of surplus excluding financing costs:				
Off-budget..................................	2,701		3,028	
On-budget..................................	1,766		2,414	
Total......................................	4,467	100%	5,442	100%
Financing costs..........................	387		472	
Total allocation of surplus including financing costs:				
Off-budget..................................	2,701		3,028	
On-budget..................................	2,153		2,886	
Total......................................	4,854		5,914	

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Table IV

ALTERNATIVE PRESENTATIONS OF DISCRETIONARY RESOURCES CONTINGENT ON SOCIAL SECURITY AND MEDICARE REFORM

(Dollars in billions)

	Subtotal 2000-2004	Subtotal 2000-2009	Total 2000-2014
1. February Budget Structure (With Additional Funding)			
Discretionary investments:			
Department of Defense	55	127	183
Non-DOD --(maintains a freeze at 2000 levels)	60	105	139
Reserve for Priority Initiatives (plus added funding)	23	96	212
Total discretionary investments	138	328	534
2. Highlight Military Readiness and Education			
Discretionary investments:			
Military readiness	55	127	183
Investments for a Secure Future (equals defense)	55	127	183
Education trust fund	28	74	168
Total discretionary investments	138	328	534
3. Highlight a Longer List of Protected Priorities			
Discretionary investments:			
Military readiness	55	127	183
Education trust fund	28	74	168
Veterans care	10	20	30
Biomedical research	10	20	30
Fund for American Agriculture	10	20	30
Investments for a Secure Future (reduced by priorities)	25	67	93
Total discretionary investments	138	328	534

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Tab A - Pg 1 of cover memo w/memo at
Tab A: Reed/Johnson/Podesta/
Burkhardt for reply

6-28-99

THE WHITE HOUSE

WASHINGTON

June 26, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: SEAN MALONEY
DAVID GOODFRIEND

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Glickman note on Agriculture's Housing Programs** – says your Administration "is making a big difference in the lives of rural Americans" by helping them to own homes through Self-Help (allowing groups of families to work together on constructing their homes as a down payment on the purchase price) and related USDA programs (*e.g.*, guaranteed loans that don't require down payments); attaches articles about the effort from Orlando, FL; Omaha, NE; Middlesboro, KY; Amherst, MA; and Wilmington, DE.

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6-28-99

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

6/23/99

Dear Mr. President —

I wanted you to see the attached clips which describe a few examples on how your Administration is making a big difference in the lives of rural Americans who are now able to own their homes. This has been a truly exceptional program.

My best —

Dan

The Wilmington News Journal, Wilmington, Delaware, June 19, 1999

Rural: Affordable homes in short supply

FROM PAGE F1

The average rate on a 30-year, fixed-rate mortgage was 7.65 percent this week, the highest in two years.

The rural housing industry took a big hit in 1994, when Congress cut the USDA's direct-loan budget in half. The department scrambled to find a way to keep up with its growing list of rural families needing homes, said Joseph E. O'Neill, assistant to the USDA's director for the Delaware and Maryland region.

It teamed up with banks to offer low-interest rate loans in which the USDA guarantees 90 percent of the loan. The new program has stricter qualifications than its direct-loan program, however, which eliminates some of the lowest-income families.

"We had taken a 50 percent cut in direct loans, but we have increased the number of guaranteed loans, a new program in the last couple of years," O'Neill said.

The very low-income households can still apply for USDA direct loans, but the money in that program has dwindled because of congressional budget cuts.

In Delaware, the USDA directly funded 417 loans between 1990 and 1994. Since 1994, the Delaware office has helped fund close to 700 loans.

But whether the number of Delaware residents in substandard housing has declined is uncertain, O'Neill said.

> "If you don't think you can buy a home, let them tell you. I just went in [and applied] and they never told me no."
>
> **Regina Reed, rural homeowner**

The office still has a waiting list of 80 households in Kent County and 43 in Sussex County. And most of the names on the list have been waiting between one to three years.

The situation is similar nationwide.

"The waiting lists on all of our rural housing programs are oversubscribed," Glickman said. "We've not seen a decrease in applications."

Reed, who works for the state Department of Motor Vehicles, decided to go with the guaranteed loan program, which had no waiting list, she said.

"That was another two years of paying rent. I didn't want to do that," said Reed, whose $587 monthly mortgage payment is less than the rent on her old house in Camden.

With the guaranteed loan, Reed picked out a lot in a new Magnolia subdivision that was still in her daughter's school district. And then she hired Dover-based homebuilder Liberto Development, which covered her closing costs. The resulting $109,000 three-bedroom, two-bathroom house with an outdoor deck is Reed's dream come true.

"If you don't think you can buy a home, let them tell you," she said. "I just went in [and applied] and they never told me no."

The Wilmington News Journal **REAL ESTATE** Wilmington, DE
Saturday, June 19, 1999

Rural renters become buyers

Help is available for home seekers

By TAMARA CHUANG
Staff reporter

Special to The News Journal/CARLA VARISCO

Regina Reed and her daughter Tameka, 13, sit in the living room of their new, three-bedroom home near Camden, financed through a U.S. Department of Agriculture program.

MAGNOLIA — From her front door, Regina Reed can see empty lots and a dense forest of trees. A quaint downtown is a few blocks away and miles of scenic farmland surround her subdivision.

Reed's new home is only about five minutes from Camden, where she and her two children used to rent a house. But because she chose to move to such a remote area, she now owns her home.

"The only difference is that where we used to live, you could go down Route 10 and get to the gas station, hardware store, restaurants and shopping," said Reed, who obtained a 3 percent mortgage rate through a U.S. Department of Agriculture program. "Now, it's just a little farther out."

Reed is among thousands of new homeowners who have helped push the nation's rural homeownership rate to 71.1 percent — an all-time high. But the need for more affordable housing is great because rural areas have the highest rates of substandard housing, or homes without basic amenities such as running water and indoor plumbing, according to the U.S. Census.

"The problem is very much an economic problem. There's an affordability gap with people working in service or agricultural industries and making just minimum wage, they can't afford market-rate apartments, let alone a house," said Joe Myer, executive director of the Dover-based National Council on Agricultural Life and Labor Research.

NCALL Research helped match 371 families with commercial banks' low-interest rate mortgage loans last year. The nonprofit agency also offers free homeownership counseling.

According to NCALL, the amount of substandard housing among rural households — or in areas with populations of less than 10,000 people — is much higher today than what was documented in the 1990 Census.

About 2,311 households in Kent County today live in substandard housing, compared with 807 in 1990, the agency said. Another 3,504 are in Sussex County, up from 1,504 almost a decade ago.

NCALL said reasons for the increase include the difficulty in finding housing resources or cooperative banks in rural areas. Jobs tend to be in lower-paying service or agricultural industries, resulting in incomes that are 50 percent to 80 percent of the nation's median.

With most of the state's banks and charitable organizations in New Castle County, the inequity has caused 50 percent of the state's substandard housing to be located in Kent and Sussex counties, even though the two counties make up less than half of the state's population, Myer said.

According to the 1990 Census, Delaware had about 76,200 households in rural areas. Sussex County had the largest number, at 43,483. Kent County had 21,716 and New Castle County had 11,039.

Still, the number of low-interest rate loans for rural households has been on the rise, coinciding with the overall availability of low rates nationally.

AT A GLANCE

For more information on rural housing loans, contact:

The U.S. Department of Agriculture, 4607 S. Du Pont Highway, Box 400, Camden. 697-4300.

NCALL Research, 20 E. Division St., Box 1092, Dover. 678-9400.

The number of new homeowners in rural areas is expected to climb as long as interest rates remain low, said U.S. Agriculture Secretary Dan Glickman.

"One of the reasons why we've achieved this record rate of homeownership in America is the sustained low interest rates which allow more people to buy affordable homes. If it continues, it will allow home ownership rates to keep going up," Glickman said.

Rates, however, have been rising in recent weeks.

See RURAL — F6

Recorder/Peter MacDonald

Christopher and Emily Joseph, shown with their son, Ethan, 1½, purchased a house along Davis Street in Greenfield through the Country Homes Mortgage Program.

USDA
Rural
Developme
Amherst M

Rural mortgage program lets family plant roots

By DIANE BRONCACCIO
Recorder Staff

GREENFIELD — When Christopher and Emily Joseph got married, they figured it would be at least 10 years before they could possibly own a home.

The Josephs, each age 20, are Greenfield Community College students just starting out in their careers. Chris works at the Yankee Candle Co. Emily, a church organist and music accompanist at Turners Falls High School, is hoping to become a teacher.

"We moved in with Emily's parents," Chris Joseph explained, "but when Ethan (their 1½-year-old son) came along, it was pretty tight, so we got an apartment."

But two weeks ago, the family moved into their first home, a two-bedroom bungalow on Davis Street, thanks to a first-time homeowner's program offered for rural communities.

The Country Homes Mortgage Program, a joint venture between the U.S. Department of Agriculture's Rural Development office and the Massachusetts Housing Finance Agency, requires no down payment for qualified participants, like the Josephs, although the couple were required to have closing costs. Eligibility depends upon a family's income level, size of family and the community where someone wants to buy a home.

Once the Josephs were approved for a specific price range for a home, they looked for a home within the community they selected. The house with the big yard on Davis Street, with a play structure and slide for little Ethan, was what really sold them on the house. Emily J...

sephs' mortgage is subsidized, with the interest rate determined by the Josephs' income, their overall interest rate is lower than average. In some cases, the interest rate may be as low as 1 percent, although that level rises when the family's income does.

This year, four families have taken advantage of the 1½-year-old housing program, according to Sandra Ball, assistant vice president of United Bank. Statewide, 23 low-income participation loans were made in Massachusetts, with $1.4 million worth of loans from Rural Development and $1 million coming from the MHFA.

"This program was great," Chris Joseph said. "I would recommend it to anybody. My brother is 26, and he's still in the same apartment he had when he was 20."

"I think it's great," Emily Joseph agreed. "I think everybody should have a house. I don't think people should rent anymore."

The state and federal agencies had a news conference at the Josephs' new home to call attention to this and other first-time homeowner programs they offer.

"Homeownership promotes neighborhood stability," said Linda Saltus, MHFA program coordinator. "That's why there's an initiative to reach more (prospective) new homeowners."

For more information about the Country Homes and other cost-cutting programs available to qualified first-time homeowners, call Rural Development Specialist Julie Hanieski at (413) 585-1000, Ext. 4. Also, information about low-interest loan programs from MHFA is availabl...

✓

Omaha World-Herald

Business

SATURDAY, JUNE 12, 1999

BY BILL HORD
WORLD-HERALD BUREAU

Rural Home Ownership a Record

Lincoln — More rural Americans than ever own their own homes, many of them with the help of government programs.

Agriculture Secretary Dan Glickman said Friday that rural home ownership has reached a record 75.1 percent of the homes occupied, up from 74.7 percent a year ago and 72 percent in 1995.

"Three out of four rural citizens have achieved the American dream," Glickman said in an interview from Winter Garden, Fla., where he plugged National Home Ownership Week at a low-income housing development.

The percentage of rural home ownership is higher than the national average of 66.7 percent for all homes. The goal of the Clinton administration is to have

See HOMES Page 64

HOMES

Rural Ownership A Record 75.1%, USDA Reports

Continued from Page 61

67.5 percent of all homes owned by their occupants in the year 2000.

"Home ownership is a key to fulfilling the American dream," Glickman said. "When people own their homes, they build equity for their future and the future of their children, and they become more involved in the affairs of the community."

Glickman said that Agriculture Department housing programs have helped 3,088 rural families become homeowners in the last year.

"What is happening in Nebraska is a leading example of home ownership success taking place all across our nation," Glickman said.

The percentage of rural home ownership for states like Nebraska and Iowa was not available from the U.S. Census Bureau, but there are indications they might be above the national average, said Bruce McGuire of the Agriculture Department's Iowa Rural Development office.

Nebraska Gov. Mike Johanns said Nebraska's overall home ownership rate is 71 percent, well above the national average.

Jim Otto, director for rural development in Nebraska, said Agriculture Department programs helped 658 rural Nebraska families and individuals buy their own homes in 1998.

The programs include:

- Guaranteed rural housing loans, which allow eligible homeowners to get a mortgage without making a down payment.
- Self-help housing, which allows groups of families to band together and work on the construction of their own homes as a down payment on the purchase price.
- Direct ownership loans, which help low-income families in towns of less than 30,000 population to buy a house or a site to build a house.

ANGELA PETERSON/THE ORLANDO SENTINEL

Key to owning home

U.S. Agriculture Secretary Dan Glickman and Under Secretary Jill Long Thompson flank Terika Baker and daughter Monet (photo at left) at a ceremony Friday at Baker's new home in Tilden Estates in Winter Garden.

Monet, holding the symbolic key presented by Glickman, shows off her new bedroom (above).

Baker has been building the home for the past 6 months through the U.S. Department of Agriculture's Self-Help Housing Program.

The department provided financial backing for the self-help housing development. Other help came from Homes in Partnership Inc., a nonprofit Central Florida corporation; the Federal Home Loan Bank of Atlanta; and the Orange County Board of Commissioners.

copied
Berger
Podesta

6-23-99

'99 JUN 18 PM5:30

THE WHITE HOUSE

WASHINGTON

June 18, 1999

Sandy
FYI - I heard El Salvador - upset only 4 people in my delegation

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: Kenneth H. MacKay, Jr.

SUBJECT: Central America Trip Report

From June 1 through June 10, 1999, I returned to Central America to lead the U.S. delegation at the inauguration ceremony for President Francisco Flores in El Salvador, roll-out the Central America supplemental and attend the Organization of American States General Assembly in Guatemala. There is still much work to be done, but the region is rebounding from the effects of Hurricane Mitch and I am impressed by the progress.

El Salvador: As the head of the U.S. delegation to the inauguration, I met with President Francisco Flores and former President Calderon Sol. We discussed U.S. efforts to support democracy in the region through the supplemental, proposed CBI legislation and regional approaches toward economic integration.

I traveled to Chilanguera and met with U.S. troops participating in the New Horizons exercises. The expanded New Horizons exercises have dramatically enhanced our humanitarian and reconstruction efforts in Central America. Beyond the material successes, however, these operations have helped to put a new face on the U.S. military in the eyes of the common Central American.

Honduras and Nicaragua: Travelling to the two hardest hit countries in the region, I highlighted our reconstruction assistance package. Both Honduran President Flores and Nicaraguan President Aleman were extremely grateful for our successful efforts that lead to the passage of the supplemental. I was quite impressed by the level of coordination between host governments, NGO's and donors. Each leader noted desire to implement transparent rebuilding programs to bolster donor confidence in the process. They also raised the importance CBI enhancement for the region.

Business Outreach: USAID, Commerce and State have been working closely with U.S. businesses to incorporate them into the reconstruction effort Central America. To continue this effort, I met with American Chambers of Commerce in El Salvador and Guatemala to encourage private sector involvement in rebuilding. I also participated in a business round table in Honduras and a meeting with business leaders in Nicaragua to further support an inclusive rebuilding process.

OAS General Assembly: On the margins of the General Assembly, I met with the Foreign Ministers of Chile, Ecuador, and Paraguay as well as with a group of Caribbean Foreign Ministers.

In the meeting with Foreign Minister Insulza, we discussed the possibility on moving forward with a free trade area with Chile. He expressed his concern that the Administration will not be fully engaged in order to obtain comprehensive fast track authority. Beyond full fast track, we also discussed the possibility of pursuing a limited version for negotiations with Chile. I believe that a limited "Chile only" fast track is worth consideration.

As expected, the Caribbean Foreign Ministers raised concerns about the WTO ruling on bananas and CBI Enhancement Legislation. I briefed on the Administration's efforts in Congress and reaffirmed our commitment to passing CBI Legislation.

6-28-99

THE WHITE HOUSE

WASHINGTON

June 26, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: SEAN MALONEY
DAVID GOODFRIEND

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

cc BReed
to BFreeman
to reply

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Sandy
fyi

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6-28-99

AMBASSADOR OF
THE UNITED STATES OF AMERICA
'99 JUN 21 PM 1:39
NEW DELHI

May 27, 1999

Sammy
Calvin
need your
permission
to run

forward to
staff sec.
for potus
read file
cc: Sandy

copied
Berger
Podesta

Dear Mr. President:

When I was in Washington for a Chiefs of Mission Conference at the State Department in late April, I met with John Podesta for a few minutes to review the situation here in India. I asked John to convey to you my strong sense that you should plan to visit India as soon as your schedule permits. I want to share the background of my thinking with you by means of this personal note.

I am confident that you are up to date on events here, including the recent fall of the BJP-led coalition. Elections have been called for late September; thus, we face a hiatus in our negotiations with the Indians on non-proliferation issues. I know Strobe has kept you and Sandy Berger briefed on the results so far of these intricate but fascinating and constructive talks.

While the pause in negotiations may frustrate us, I see this interregnum culminating in the election of a new Indian government as an opportunity to review where we have come in our non-proliferation dialogue and to reframe the kind of relationship we want with India.

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

India is resolutely a democracy and just as resolutely not a rogue state. It wants our respect and our understanding of its unique place in the world, including our understanding of its view of its own security. I mention this because I have become increasingly concerned that our agenda in the area of non-proliferation could become obsessive, forcing us to hold our overall relationship with this important nation hostage to a narrow, albeit vital, preoccupation.

Yes, we must pursue our non-proliferation agenda with India. But we also have other significant diplomatic interests in this country: these range from global issues such as the environment and global climate change, terrorism, population, narcotics and infectious diseases, for example, to our economic and commercial goals in this big, gradually emerging market.

I believe the occasion of this fall's election poses an opportunity to reverse what I am afraid is otherwise a downward spiral in our relationship with India. Sanctions, of course, have soured our ties with India. But a larger factor is unrealistic expectations on both sides: for our part, we seem to expect the Indians to bend to our will on non-proliferation, while the Indians appear to want us to treat them with the same deference accorded China. The gap in developing mutual understanding and building a common agenda with the Indians is deeply worrying, but I believe it is bridgeable if we seize the initiative with the new government.

This election will bring a fresh mandate for whichever party or, more likely, coalition emerges as the victor. In my view, we should begin now to lay the basis to greet the new government with a fresh approach, characterized as a broad-based partnership and headlined by an early visit by you. Your trip would not be contingent on specific progress on non-proliferation; rather it would be aimed at advancing a broad agenda reflecting the range of serious interests we and India share.

At the same time as we press this public message with the Government of India, we should convey a private message that the visit will inevitably take on one of two characters--either a visit in which our nuclear proliferation differences are highlighted or (if the CTBT has been signed) a visit featuring our broader 21st century agenda.

Between now and the election, I hope we will reconsider some of the sanctions which we imposed immediately following India's decision to test. I have in mind especially those which were not required by the Glenn Amendment and which hamper our efforts here without sending any effective message to the Indians. The clearest example is our contact policy. I believe now is the time to encourage several of our more senior people, such as Under Secretary Frank Loy and Dr. David Sacher, to visit India, using this period before the elections to nurture key U.S. goals in India--global climate change and HIV/AIDS prevention--and to signal our desire for a more robust engagement.

My bottom line, however, is this. <u>You</u> are our most effective diplomat. And we need you here, perhaps even more so if our non-proliferation agenda is stymied. We need to find a way to get our most important piece in play on this "chess board" which is, after all, one-sixth of humankind. Our relationship with this country is far too important to let this opportunity go by.

I look forward to a chance to discuss the situation in India with you more personally when I am back in Washington in late July.

Warmest regards,

Dick

Richard F. Celeste

Jacqueline joins me in sending regards to you and Hillary!

6-28-99

Sandy
What about this?
BC

copied
Berger
Podesta

6-28-99

A Peace Overture in Turkey

The case of the Kurdish rebel chief, Abdullah Ocalan, confronts Turkey's leaders with a critical choice. The special state security court trying Mr. Ocalan for treason is expected to hand down its verdict in the next few days. He has acknowledged most of the charges against him and his conviction is virtually certain, with a mandatory penalty of death by hanging. But for weeks Mr. Ocalan, whose 15-year campaign of terrorism and violence has resulted in some 30,000 deaths, has been proposing a deal. Spare his life, he says, and he will work to persuade his militant followers to negotiate a peaceful solution to the Kurdish revolt.

Mr. Ocalan's offer should be tested. He ought to pay for his crimes. But lengthy imprisonment, not hanging, is the appropriate punishment. Ankara should not pass up what could be a rare chance to end Turkey's most corrosive political problem.

Mr. Ocalan says he now believes violence has become a dead end and that Kurdish rights can best be protected by a democratic Turkish state. He envisions a peace based on expanded freedom to use the Kurdish language in schools and broadcasting and says he is ready to urge his followers to lay down their arms and work peacefully for such reforms.

Any death sentence issued by the security court must be successively reviewed by an appeals court, Turkey's Parliament and President Suleyman Demirel before it can be carried out. Turkish politicians will be reluctant to spare Mr. Ocalan's life because he is reviled by the non-Kurdish majority. Many Turks also fear that greater language rights for Kurds could fray national unity. But the quick execution of Mr. Ocalan that some politicians now clamor for would also strain that unity, and could set off new outbursts of Kurdish violence in Turkey and abroad.

Over the years, Turkey's harsh response to even nonviolent Kurdish activism has led to severe human rights abuses. Writers, journalists and elected officials have been arrested and peaceful political parties banned. These abuses have made Turkey a pariah in Europe and set back its ambitions for European Union membership. In response to Mr. Ocalan's violence, the country's armed forces have devastated Kurdish-inhabited areas of southeastern Turkey, razing villages and driving tens of thousands of refugees to Ankara and Istanbul.

Mr. Ocalan now offers a realistic chance of ending this conflict. Turkey should spare his life and see whether he can deliver.

Correction

An editorial last Saturday discussing recent rulings by two Federal judges, Stephen Williams and Douglas Ginsburg, on the Administration's clean air policies misstated Judge Williams's first name and misidentified the court on which they sit. It is the United States Circuit Court of Appeals for the District of Columbia, not the Second Circuit.

The New York Times

THURSDAY, JUNE 24, 1999

GENETICALLY MODIFIED FOOD

6-28-99

Copied
Sperling
Brainard
Podesta

Food for thought

Public hostility to the genetic modification of crops risks slowing down the development of a potentially important technology—which is why more must be done to reassure consumers

AS GRASSROOTS movements go, the crowd that gathered a few weeks ago in rural Essex was a model of biodiversity: there were turbans and T-shirts, lawyers and new-age travellers, youthful dreadlocks and hoary beards. What united them was opposition to a technology that, on the face of it, might be thought rather a good thing: the precise tailoring of crops by direct genetic manipulation, rather than by relying on the old and haphazard processes of hybridisation and selective breeding.

Genetic modification, or GM, is a way of adding genes conferring resistance to insect, fungal and viral pests to plants that might otherwise succumb or require pesticides. It can also foster herbicide-resistance, meaning that weeds can be easily killed even among standing crops. All this increases yields and should (at least in a free market, which is admittedly a rare occurrence in agriculture) reduce prices. In future, its proponents hope, it may also enhance a crop's nutritional value.

Yet despite these benefits, protests against GM are mounting, especially but not only in Europe. GM crops are unpopular; many people positively hate them. As one Essex protester put it, "My only objection to genetically modified foods is that they're unsafe, unwanted and unnecessary."

And seemingly unstoppable. In 1990 there were no GM crops in commercial cultivation in the western world. By the end of this year, an estimated 40m hectares (100m acres) will be covered with them, according to Clive James, director of the International Service for the Acquisition of Agri-biotech Applications (see chart on next page). Many GM crops (not all of them foodstuffs) are widely planted. Some, notably a herbicide-resistant strain of soyabean, are so popular with farmers that it is becoming increasingly difficult to find the unmodified variety. Until now, food manufacturers who wanted it had to rely on old stockpiles or other sources such as Brazil. But that country, too, has just announced that it will permit the commercialisation of some GM crops. It thus joins the other main converts to genetic modification: America, Argentina, Australia, Canada, China and Mexico.

In Europe, though, things are different. Although there are small-scale field trials in all European Union member states, only Spain has sizeable plantings of GM maize. (Europe has always imported its soyabeans.) A legislative provision means that countries can refuse to accept GM crops already approved by the European Commission if they have new evidence of risk; recently France, Austria and Luxembourg exercised this right to reject some types of genetically modified maize and oilseed rape. Although nine varieties of GM crops have been approved for commercial planting or import in the EU since 1994, there is so much tension over GM foods that no new species have been added to the list since late last year.

Official rejection in much of Europe is matched by unofficial resistance on the part of consumers. Their objections rest on three main claims. The first is that genetic manipulation is unnatural and so inherently nasty. The second is that the food it produces is dangerous. And the third is that it is bad for the environment.

Advocates counter the first of these arguments by noting that all crops are unnatural. If they were not, people would be making bread out of stuff that looks like grass and eating salads concocted from weeds. The second argument falls, too. No scientifically reputable test has shown any of the GM foods currently on the shelf to be in the least toxic (a much-publicised experiment carried out on potatoes in Britain has been roundly discredited). After all, the process works by transferring single genes, designed to do particular jobs, from one species to another. If the products of these genes are harmless (something that can and has been tested) it is difficult to conceive of any way in which human health might be damaged.

The third objection carries more weight, though there are few data on it. Possible environmental damage includes the "escape" of transplanted genes from crops to related wild species. That might confer insecticidal properties or herbicide-resistance on them. Another widely publicised experiment, on the caterpillars of Monarch butterflies, has shown a potential risk to non-pest insects from eating the pollen of a crop with the insecticide gene. There is also the risk that crops which make their own insecticides will stimulate the evolution of resistance in the pests that insecticides are aimed at.

It is precisely to test these risks that the field trials which attract so many protest groups are being carried out. But even if environmental damage is demonstrated, there are two counterbalancing arguments. The first is that agriculture is, by definition, destructive of the natural environment. Only if GM crops were worse than existing farming practices would there be a strong case to answer. The second is that at least some genetic modifications should help rather than damage the environment. If crops contain their own insecticide, spraying becomes unnecessary. That means non-target insects, including butterflies, should be better off.

None of this, however, seems to cut much ice with the public—particularly in Europe. Genetic engineering has drawn activists from many different causes, from Greenpeace to Christian Aid, largely because it fits neatly into other agendas. Those who object to, say, the industrialisation of traditional agriculture or corporate control of farming or even the construction of roads in rural areas were already fighting their corners before GM crops. For the average shopper, though, objections to GM foods are based mainly on the suspicion that the stuff will, in the long term, prove unhealthy.

Politically, such fears are understandable. European governments have a distressingly bad record of suppressing "inconvenient" scientific data and, when that does not work, of simply lying about food safety. With experiences as diverse as BSE (mad-cow disease), bacterially contaminated meat and (most recently, in Belgium) cancer-causing dioxin in poultry, pork and beef to draw on, consumers have developed a healthy scepticism about the things that officialdom tells them are or are not safe to eat. Even before the recent furore, roughly 25% of Britons were opposed to GM food. Now, according to a recent MORI poll, only 1% of them believe that it offers any benefit at all.

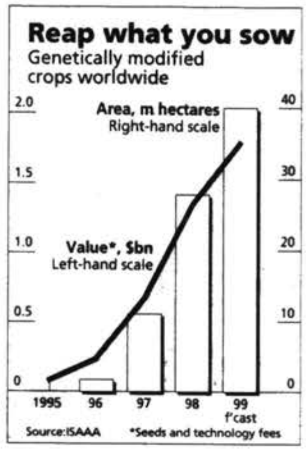
Some foreigners clearly have difficulty understanding the vehemence of the European response. Certainly nobody has been more surprised than Monsanto, an American life-sciences company that owns patents on several GM crops. Its £1m ($1.6m) advertising campaign in the British press last year, which was designed to persuade consumers of the merits of genetic engineering, achieved precisely the opposite effect. For a British public then only dimly aware of biotechnology and its effects on the contents of their frozen dinners, Monsanto's announcement that souped-up soyabeans and maize were on their way to a shop and a field near them came as an unpleasant surprise.

When ignorance is not bliss

This transatlantic difference highlights an intriguing feature of the whole debate. Even as it rages in Britain and Europe, in America—where three-quarters of the world's GM crops are grown—there is almost no public discussion of the subject.

There are at least four possible explanations for this. First, Americans may simply feel more positive about technology in general, and thus more willing to accept its biological version. Second, because America keeps its agricultural heartland separate from its rural playgrounds, concerns about the environmental effect of GM food may be less intense. Third, Americans have a stronger economic incentive than Europeans, since it is often their companies that produce the stuff and their farmers who grow it. And fourth, Americans may already have made their peace with GM foods after debating their regulation in the early 1990s.

Or Americans may simply be woefully ill-informed about what is going on. American tourists in London can, according to urban mythology, be heard marvelling at British newspaper reports of "Frankenstein foods" and thanking their stars that such products are not sold back home. But the myth reflects a truth. According to a poll by the International Food Information Council in Washington, DC, almost half those surveyed thought their groceries were free of biotechnology, when in reality almost 60% of the country's processed food is affected. Bruce Silverglade, of the Centre for Science in the Public Interest, a non-profit food policy group in Washington, reckons that it is precisely this ignorance that has muted public discussion of GM crops in America—at least until now.



Such ignorance is understandable, given that nowhere in the dense list of product ingredients and nutritional values on the side of a tin of beans is there any mention of genetic modification. This is because of a 1992 ruling by America's Food and Drug Administration (FDA). The agency decided that as long as a GM food is no more toxic, allergenic or any less "substantially equivalent" than its standard counterpart, it need not be labelled to show the process that created it. That is in sharp contrast to European labelling laws, introduced in 1997, which require that any food must be recorded as a GM one if it contains residues of engineered DNA or protein.

Inquiring minds want to know

It is surprising that America, a country famous for consumer power, should give its citizens fewer rights to information about food than their European peers. A growing number of American customers have also been struck by this paradox. Some 500,000 signed a petition, demanding the mandatory labelling of GM food, that was presented at a conference this week sponsored by Mothers for Natural Law, a lobby group opposed to genetic engineering. Meanwhile, Andrew Kimbrell at the International Centre for Technology Assessment (ICTA) has filed a lawsuit against the FDA that also demands labelling and would have genetic modification reclassified as an additive.

This is not as strange as it sounds, since the FDA already requires that many additives be tested by producers for safety before they reach the market. The reclassification would thus achieve what the ICTA wants. As it stands companies may, and often do, consult the FDA before putting a genetically modified product on the market, but they are not obliged to. The ICTA thinks they should be. EU authorities, however, must put each novel food through its paces for food safety and environmental impact.

Few American activists expect concerns about GM foods in America to reach the fever pitch of Britain. On the whole, Americans have too much faith in their regulatory agencies, particularly the FDA, to plunge into a European-style panic. But the activities of organisations such as the ICTA are not the only straws in the wind. When, for example, the American Department of Agriculture suggested last year that GM crops might be classified as organic foods, it had to go back to the drawing-board after 280,000 people complained.

Since the European row began, environmental groups such as the Sierra Club, which had once steered clear of the issue, have become newly interested. The government is beginning to respond. A group of high-ranking officials has been meeting under the auspices of the National Economic Council for the past six months to discuss American strategy in the face of the European flap. And earlier this month, the agriculture department announced the formation of an advisory committee drawn from academia as well as industry and public-interest groups to look at the social, scientific and economic impact of agricultural biotechnology. Some industry groups, such as the Grocery Manufacturers of America, are also bracing themselves for debate. They say they are ready to halt the spread of Europe's "contagion" with public awareness campaigns, presenting scientists and companies in a united front to support the technology.

They have good reason to act before it is too late. Although executives from European companies are publicly bullish about their prospects, private meetings among them are "a little tense" these days, according to one industry observer. No wonder. AstraZeneca, for example, has seen British sales of its genetically modified tomato paste, once more popular than its conventional rival, slump dramatically since the GM controversy flared up in February. David Evans, head of agrochemical research at the company, says it may have problems keeping supplies up, because the original business plan was based on growing the tomato in Europe by now, rather than having to continue importing paste from California.

Matters are not much helped by the fact that Britain's largest food retailers have gone the way of some of their continental counterparts—promising to remove GM ingredients from their own-brand products and labelling the rest as containing GM material. In response, Unilever and Nestlé, two big European food manufacturers, have announced plans to supply the shops with GM-free food. Several other food companies have pulled out of supplying GM food. How much farther this goes depends on the strength of the grain handlers who supply the manufacturers, the farmers and the companies that produce the technology.

Down on the farm

Although the European storm may spark debate among American consumers, most American farmers are likely to stay well earthed. They have been swift to adopt GM crops, converting 55% of the country's soyabeans, 50% of its cotton and 40% of its maize since 1996. Their incentive is mainly economic, says Rosemarie Watkins of the American Farm Bureau Federation. Although higher yields are hardly an attraction to western farmers faced with food surpluses and rock-bottom prices, the prospect of lower chemical costs—through fewer applications of pesticides—is more enticing.

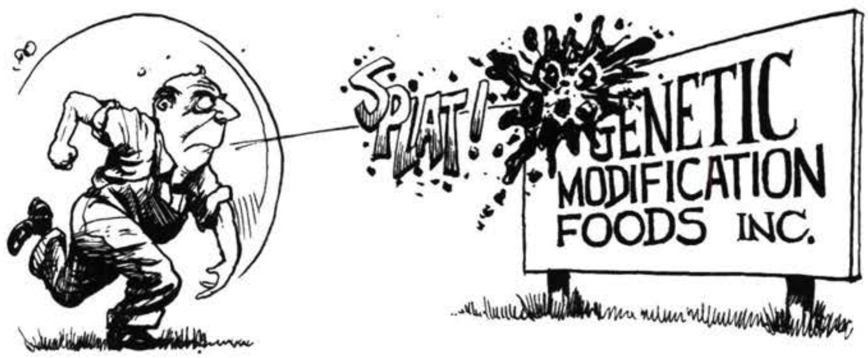
Troubles in Europe, though, can cause turbulence at home. American maize farmers are anxious about this autumn's harvest, according to Ms Watkins. About 5% of the current crop consists of GM varieties that have yet to receive regulatory approval in the EU. But separating contraband corn from acceptable varieties is no easy task, despite education campaigns for farmers and attempts by the country's big grain handlers, such as Archer Daniels Midland, to divert unapproved crops away from export channels. Contamination by unapproved grain can scupper the whole export harvest. In 1998, America sent $200m-worth—albeit less than 1% of its total crop—to Europe. This year, nothing is expected to get through.

Such problems might not arise if "identity preservation"—keeping certain varieties of grain apart from each other—were a simple business. But America's grain-handling system is designed for bulk, not discretion. According to Kim Nill, of the American Soyabean Association, there are ten points on the trip from farm to ship at which different types of soyabeans are deliberately mixed to improve their quality. The ultimate value of some varieties, such as organically grown or special tofu soyabeans for Japan, largely depends on their purity. Such small harvests can be kept separate, but at a price: Japanese beans are three times more expensive than the ordinary ones.

Trying to set up a similar system for the vast quantities of soyabeans and maize that flow through America would roughly double the final price of non-GM varieties, according to an industry-sponsored study by Allan Buckwell at Wye College in Britain. For food manufacturers, such as Unilever, this would mean a 25% premium on the final cost of goods.

It is not clear who would be willing to pay that price. In the case of, say, organic produce, consumer benefits mean that customers are willing to fork out more. But with the current backlash against GM foods, which appear to hold little positive interest even for consumers who do not actively oppose them, passing on such costs would prove unpopular—and in any case, genetic modification is supposed to lower prices, not raise them. The upshot is that the cost will probably have to be borne by middlemen. Indeed, executives at Unilever reckon that absorbing the cost themselves might mean short-term discomfort, but long-term gain in winning consumers round to the idea that the new crops are, actually, a good buy.

Meanwhile, some firms are trying to build businesses based on the idea of identity-preservation for the unmodified part of the crop. Although some of America's big grain handlers are cagey about their plans, one company has already taken the plunge. Protein Technologies International, part of DuPont, has set up a distinct processing system, from farm to final product, in order to sell "GM-free" lecithin, an important processed-food ingredient.



Well, at least 99.5% free; some contamination is apparently unavoidable. As a result, the company is still having trouble selling "GM-free" goods in the EU, which has yet to decide just how pure "GM-free" needs to be to qualify for the label. The absence of such standards puts many companies in a difficult position. Food manufacturers and retailers who have promised consumers in some EU countries, such as Britain and Austria, that they will provide "GM-free" products, cannot do so until someone decides what this actually means.

This ambiguity also frustrates American trade officials, who consider European labelling laws, both in theory and in their rather confused practice, to be a technical barrier to trade. They have threatened to complain to the World Trade Organisation, which might have to rule on whether the laws are impartial and based on sound science. But since the EU has never rejected a GM crop outright, either for import or for domestic cultivation (though some of its member states have), tensions have not escalated into a trade war—yet.

So far, official America has been diplomatic enough to view the EU stance on genetic modification as a matter of consumer preference and not of agricultural protection, though privately some officials think science is being misused to justify trade bans. Dan Glickman, the American agriculture secretary, has said that it does America little good to be seen "force-feeding genetically modified organisms down people's throats". A subtler approach is called for. One initiative is a pilot project to allow companies to submit new GM crop applications simultaneously to both EU and American regulatory authorities, and to facilitate scientific dialogue between them in the process.

Biotechnology comes a cropper?

The bottom line for agricultural biotechnology in Britain and in most of the rest of the EU is that, at present, the public's perception of risk far outweighs its view of the possible benefits. The best, though belated, efforts by governments and scientists to quell such fears do little to slow the anti-GM momentum. Some companies are trying to keep their heads down and weather the storm. Others are banding together to co-ordinate communication on agricultural biotechnology to a sceptical media and public. Yet others, such as Novartis, are slowly building bridges back to consumers, and informing them of biotechnology's benefits, through honest brokers such as teachers and doctors who can translate the science for the public. They are also hoping that the next generation of GM foods, with obvious consumer benefits such as better flavour and enhanced nutrition, will win the day on their merits.

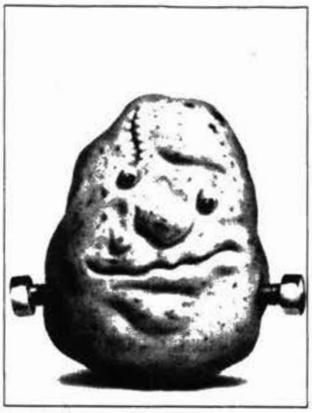
Yet some are less confident than others. DuPont's high-tech soyabeans, genetically engineered for improved oil production, are already held up in the EU approval process, although they are a good example of the sort of "output" traits the industry is promising. Winning the public over is becoming harder each day, and the newest GM foods will have to be impressive if they are to make it. "These companies have great faith in their technology," according to Rod Stacey, a consultant with Verdant Partners, "They see themselves as the semiconductor industry of the 21st century." But given the size of public opposition, proponents of GM foods could be risking the fate of a rather different technology that once looked high-tech and futuristic—nuclear power.

The Economist

JUNE 19TH 1999

Who's afraid?

IF THE current British furore over genetically modified foods were a crop not a crisis, you can bet Monsanto or its competitors would have patented it. It has many of the traits that genetic engineers prize: it is incredibly fertile, thrives in inhospitable conditions, has tremendous consumer appeal and is easy to cross with other interests to create a hardy new hybrid. Moreover, it seems to resist anything that might kill it, from scientific evidence to official reassurance. Now it seems to be spreading to other parts of Europe, Australia and even America. There, regulators will face the same questions that confront the British government: how should the public be reassured, and how can the benefits of GM foods be reaped without harm, either to human beings or to the environment?



At least most governments will not have to deal with a rebellious royal: Britain's protesters, once a handful of cranks, now march under the Prince of Wales's colours. Retailers and manufacturers have been bounced into promising to banish the stuff from their shelves and stocks. The finer points of genetic engineering were once confined to scientific conferences; now, protesters have been pressing for discussion at this weekend's G8 summit in Cologne. Even America, home to the world's leading GM crop breeders and growers, is discovering a new vein of domestic protest. The consumer backlash threatens to undermine both this new technology and the credibility of the agencies that regulate it (see pages 19-21).

Modified medicine, but not modified foods

With medicine, the boon of biotechnology has been obvious. People readily accept it when they see how better drugs and clearer diagnoses improve their lives. Why is it different when biotech is applied to agriculture? The answer is that the clearest gains from the current crop of GM plants go not to consumers but to producers. Indeed, that was what their developers intended: an appeal to farmers offered the purveyors of GM technology the best hope of a speedy return. For consumers, especially in the rich world, the benefits of super-yielding soyabeans are less clear: the world, by and large, already has too much food in its stores; developing countries principally lack money, not food as such. Yet companies still pitch their products as a cure for malnutrition, even though little that they are doing can justify such a noble claim.

The next generation of GM crops may at least offer more gains to eaters as well as cultivators: foods that taste better, can be stored for longer, grow more readily and are less likely to trigger allergies. But, inadvertently, in hyping the technology as the only answer to everything from pest control to world hunger, the industry has fed the popular view that its products are unsafe, unnecessary and bad for the environment.

Such fears are largely groundless. Of the two main charges against GM crops, by far the weaker is that they are unsafe to eat. Critics assert that genetic engineering introduces into food genes that are not present naturally, cannot be introduced through conventional breeding and may have unknown health effects that should be investigated before the food is sold to the public. GM crops such as the maize and soyabeans that now blanket America certainly differ from their garden-variety neighbours. Indeed, this is why their creators, such as America's Monsanto and Switzerland's Novartis, can patent them. But there is a broad scientific consensus that the present generation of GM foods is safe. Even so, this does little to reassure consumers. Food frights such as "mad cow" disease and revelations of cancer-causing dioxin in Belgian food have sorely undermined their confidence in scientific pronouncements and regulatory authorities alike. GM foods have little future in Europe until this faith can be restored.

Transparent, but also tested

Making the regulatory system more transparent would be a good place to start. At the moment, many British consumers are unaware that there is any procedure at all for vetting GM foods. The European system of approving such foods for sale on the shelves or for planting in the fields is a mishmash of national and supranational authorities that ends up blurring the line between scientific concerns and political interest. A co-ordinated pan-European system to deal with the scientific assessment of GM foods, along the lines of Europe's medicines evaluation agency, would go some way towards cleaning up this mess. Public confidence would also be boosted by giving consumers a clearer sense of participation in the regulatory process, so that they do not feel that such products are being foisted on them by authorities who are cosier with the industry than with shoppers. So Britain is wise to include public-interest groups and consumer representatives on the advisory committees that are being set up to look at the social and ethical aspects of biotechnology. The American government is following suit. Labelling is also essential if consumers are to make informed choices. The EU has mandatory labelling laws, but they are hard to implement without clearer technical standards. Sweet are the uses of adversity, though Monsanto and its peers may find this difficult to swallow.

The second big worry about GM food is that it may harm the environment. The producers argue that the engineered traits—such as resistance to certain brands of herbicide or types of insects and virus—actually do ecological good by reducing chemical use and improving yields so that less land needs to go under the plough. Opponents retort that any such benefits are far outweighed by the damage such crops might do. They worry that pesticide-resistant genes may spread from plants that should be saved to weeds that have to be killed. They fear a loss of biodiversity. They fret that the inbuilt resistance to bugs that some GM crops will have may poison insects such as the Monarch butterfly, and allow other, nastier bugs to develop a natural resistance and thrive.

Many of these fears are based on results from limited experiments, often in the laboratory. The only way to discover whether they will arise in real life, or whether they will be any more damaging than similar risks posed by conventional crops and farming practice, is to do more research in the field. Banning the experimental growth of GM plants, as some protesters want (and some EU governments have indeed done), simply deprives scientists of their most fruitful laboratory.

Much of the public fuss about GM food is misplaced. But governments or companies still cannot ignore it. Food fears and environmental qualms spread more readily than good sense or wise science. The best ways to win public support are to offer full information; to regulate openly and responsibly; and to ensure that the benefits of genetic engineering are seen to go not only to companies. Doing all this would go a long way to allaying people's fears about GM food—and might even persuade them of its potential benefits.

Sorting out Kosovo

Russia can help, or it can continue to get in the way

THE comic opera element to Russia's post-bombing dash for Kosovo—a wheeze that delighted many Russians and Serbs, even as the 200 troops camped defiantly near Pristina airport had to beg supplies from the very NATO forces they had wanted to upstage—should not obscure the seriousness of the rift between Russia and the West. That rift was not just over the air war, but over the peace still to be secured. Others also opposed NATO's air strikes against the Serbs: China, India and plenty of smaller countries were alarmed that the West would resort to force to punish a sovereign government for actions against its own citizens. But Russia is especially incensed at what it claims is an attempt to exclude it from influence in an unruly patch of Europe.

Are such charges justified? Russia and China, both veto-wielding members of the UN Security Council, portrayed NATO's decision not to take the Kosovo issue to the council early on as a cynical ploy to claim rights of intervention for the West at the expense of the rest. But their real gripe is less high-minded. The rift between the major powers is not so much between those who want to uphold the principle of UN authority and those who do not. It is between those who believe that Slobodan Milosevic had the sovereign right to do what he liked to the Kosovars, and those who do not. As countries with a poor record on minority rights—think of Chechnya, or Tibet—Russia and China would have vetoed the use of force to stop him. It was regrettable, but hardly surprising, given the scale of the Serbian ethnic cleansing in Kosovo, that such a split council was by-passed.

If Russia felt excluded from the decision to reverse that ethnic cleansing, it mostly had itself to blame. Since then, however, western governments have gone to considerable lengths to bring the Russians back in. Clearly, many Russians would have liked to support Mr Milosevic, some just with words, some with weapons. Others may have hesitated to do so only because Russia is beholden to the West for economic help. But there are some Russians—Boris Yeltsin still among them—who understand that Russia's influence in Europe will expand only if it works with the European grain, not against it. They prevailed, and Russia eventually played a useful, if grudging, role in persuading Mr Milosevic to back down.

Much of that good work, however, may now be undone by Russia's attempt to obstruct the work of KFOR, the UN-mandated but NATO-led force now trying to restore peace to Kosovo (see our special Kosovo section). Rather than acting like a still-great power, Mr Yeltsin and his ministers have shown themselves to be in disarray. The West has played down the dash for Pristina, even though the Russian troops involved had unilaterally abandoned their peacekeeping duties in Bosnia. Many East Europeans, however, are alarmed. Russia's demands for overflight rights to pour in more troops have revived bad memories of the fist-banging Soviet days.

It makes sense to have Russia involved in policing the Kosovo peace, if only to reassure the Serbs still in the province of KFOR's impartiality. And it would be no bad thing for Russian troops to see at first hand some of the appalling atrocities their Serb cousins have perpetrated over the past year. But what Russia's generals really seem to want is a slice of Kosovo to run as they see fit. A deal is being worked on to give Russia a part in KFOR (something that was anyway always on offer), but it should not compromise either the unity of KFOR's command or the territorial integrity of Kosovo.

Hands full

And what of the charge that NATO is getting too big for its military boots? For an avowedly defensive alliance, the air war against Kosovo was a startling new departure—but one that is likely to prove the exception, not the rule. NATO encompasses most of the continent's strongest democracies, which is the best guarantee that, if it acts, it will do so only to uphold democratic principles, not to trample on them.

And will NATO now feel emboldened to right every wrong? Hardly. It was scarcely spoiling for a fight with Mr Milosevic, who had already unleashed two wars—in Croatia and Bosnia—before he set his forces loose in Kosovo. And now that NATO has been through the experience of fighting a campaign by 19-nation committee, it is unlikely to rush to repeat it. This (air-only) war could well have gone badly wrong for NATO. Moreover, the job of restoring stability to Kosovo will be long and expensive, as will the reconstruction of the wider region. Plenty there for Europeans to do—Russia included—without taking on other wars of principle.

Gene Fyi—
BC

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Budgetary follies

WASHINGTON, DC

Even with a healthy surplus, the Republican majority in Congress may be heading for another budget wreck

A GROUP of computer hackers recently broke into the Senate's website, posted an obscene message there and forced the site to be shut down. Something similar is affecting the main business of Congress itself. Legislators keep interrupting the budget process, sending rude messages to their leaders and generally behaving like adolescents. The result may not be a government shut-down. But, for the Republicans if not for the country, a wreck of some sort now seems unavoidable yet again.

This is strange. Budget surpluses are stretching ahead as far as the eye can see, and the two parties are closer on fiscal policy than they have been for many years. So what is going wrong?

Certainly, with its nine-month negotiating timetable, multiple committees and complex reconciliation procedures, America's budget process is no model of efficiency. But with a surplus this year of around $100 billion—a remarkable turnaround from a deficit of $290 billion in 1992—the Republicans should have an easy time agreeing a budget, at least among themselves.

And yet, true to form, this seems too much to expect. There have been crises more or less every year since the Republicans took control of Congress in 1994. In 1995, the government was shut down after a budget deadlock between the Republican Congress and Bill Clinton. Last year, the Republicans failed to approve an overall framework for the 1999 budget—the first time in 25 years this had happened—so the budget at last appeared in the form of a vast "omnibus bill" which most congressmen had not read, and which the president, by threatening a veto, managed to increase by $16 billion.

Now the warning signs are flashing that yet another crisis is in store later this year. In a few fun-filled days last week, the mild-mannered speaker of the House of Representatives, Dennis Hastert, was forced to withdraw what should have been an uncontroversial budget item because of opposition from his own party's rank-and-file; six of his own party rebelled in an unrelated issue of campaign finance (the Republicans have a majority of only six); and he managed to restrict his party's room to manoeuvre by persuading the House to pass a self-denying ordinance not to touch Social-Security surpluses to finance more spending.

Stan Collender, managing director of the Federal Budget Consulting Group, a private firm, argues that the politics of a budget surplus are fundamentally different from those of a deficit. When the government had to borrow billions to finance its operations, any failure to pass a budget would trigger a financial crisis. That concentrated minds wonderfully. But when there are large surpluses, Wall Street does not care a bit if there is no budget deal and law makers feel free to strike poses and throw tantrums.

The clearest evidence of this is the refusal of both parties to come to terms with the so-called budgetary "caps". These set limits on discretionary spending several years ahead. Under the caps negotiated in 1997, spending should be cut in cash terms by 12% in 1997-2002; this year, that would mean a cut of around $14 billion—roughly what Congress spends each year on America's farmers.

Neither the Republicans nor the Democrats have any intention of abiding by these restrictions. The budget proposed by the president would, if passed, be about $30 billion over the limits; a budget resolution agreed by the Republicans in mid-April would bust them by about $15 billion.

Despite this, both sides pretend that their proposals would fit the caps. Bill Clinton claims his would meet the restrictions if extra tobacco taxes and his reforms to Social Security are included, neither of which stands any chance of passing. Republican leaders insist that spending can be cut, even though several of their own committee chairmen say this is impossible. As Bob Reischauer, a former head of the Congressional Budget Office, puts it, both sides are indulging in a game of chicken.

The Democrats can afford to do this. After all, they are in opposition. The Republicans cannot. They control both houses and are responsible for passing the 2000 budget. To do this, they want to approve a series of "appropriations bills" embodying spending restrictions in 12 out of 13 budgetary areas (the exception is defence: everyone agrees it must rise massively). The idea is to creep up on a budget deal by a series of small steps. Congress has to do this before October. In practice, it has about 30 working days.

Traditionally, the House votes on the easiest bills first, such as agriculture. But when the farm bill came to the floor last week, some Republicans attacked it for not being tough enough and threatened it with death by a thousand amendments. Panicked, the leaders withdrew it.

Constraints

$m Department	1999 budget authority	2000 budget caps	Difference 1999 - 2000	Clinton request
Agriculture	13,737	13,946	209	14,500
Commerce and justice	33,232	30,483	-2,749	36,900
Defence	250,349	270,292	19,943	263,100
Energy and water	20,840	19,390	-1,450	21,600
Foreign operations	13,368	10,355	-3,013	14,600
Interior	13,963	11,341	-2,622	15,000
Labour, health and education	83,188	78,142	-5,046	91,200
Housing, veterans	70,072	66,204	-3,868	69,600

Source: House and Senate Appropriations Committee

The episode showed three sobering things about the current Congress: that Mr Hastert's initial strategy may already have failed; that, in fiscal matters, the Republicans do not in fact have a governing majority; and that Mr Hastert has no way of avoiding a collision over the budget later this year because, on both sides, influential people have no political interest in helping him.

On his own side, fiscal conservatives are more concerned about the budget caps than their congressional careers. Most came to Washington in 1994, having promised voters that they would clean the place up and serve for six years at most. Their time is up. Republican leaders cannot dangle promises of enticing jobs in the next session before this crowd because most of them are not running for re-election.

In principle, Mr Hastert might seek to pass a budget with the help of Democratic votes by agreeing to increase spending and dilute Republican demands for a big tax cut. Several colleagues have urged him to do just that, and it remains the likeliest outcome.

However, Democrats too have little reason to co-operate with Mr Hastert. They scent the chance of recapturing control of the House in next year's election, and nothing would suit them more than the spectacle of the Republicans creating another budget crisis even in the midst of plenty.

As a result, the Republicans are in retreat. At the beginning of the year, Trent Lott, the Senate majority leader, stood in front of a big banner saying, "Tax cuts for everyone". Republicans talked of a big reform to Social Security. One impeachment verdict, several high-ranking resignations and a few months later, and the Republicans were eager to abandon such grand hopes and just display some quiet competence. Now it looks as though they may fail to achieve even this.

Outmanoeuvred by Democrats and riven by internal divisions, Republicans have virtually abandoned plans for a big tax cut (though modest tinkering is still likely). They will almost certainly bust the caps. In non-budgetary matters, the Senate has passed modest gun-control measures that the House says it will also accept. Mr Hastert has signalled that a rise in the minimum wage is inevitable. Gun control; higher minimum wages; spending increases—that sounds like a Democratic, not a Republican, agenda.

BSE and blood

Ban the Brits

"FOOL me once, shame on you. Fool me twice, shame on me." That seems to be the attitude of the Transmissible Spongiform Encephalopathies Advisory Committee to America's Food and Drug Administration (FDA). The question on which the committee thinks the FDA might be fooled is the spread of disease via infected blood donations. And since America's health watchdogs have already been fooled twice on that question (infected blood supplies have assisted the transmission of both AIDS and hepatitis), they are keen not to be fooled again.

The committee's fear—originally expressed last December and reiterated on June 2nd—is that they could be, with the threat this time being so-called "new-variant" CJD, the human version of BSE, better known as mad-cow disease. By a vote of 12-9, it has therefore recommended to the FDA that it cease to accept as blood donors people who have visited Britain since 1980. That is where BSE has been the biggest problem in cattle and where new-variant CJD, though still rare, is most prevalent. Any visitor, reckons the committee, may have become a carrier of the disease by eating infected beef.

Unfortunately, such caution is not cost-free. According to the Red Cross, the recommendation would reduce the pool of American blood donors by more than 10%, putting a considerable strain on a system already prone to shortages. Canada's blood service, whose advisory committee on the issue is expected to report this month, reckons it might lose more than 20% of its donors if those visiting Britain since 1980 are rejected. To make up the loss, new donors would have to be recruited—and past experience has shown that such people have a higher than average risk of carrying diseases that are a known, rather than a suspected risk. For unlike AIDS and hepatitis, in which blood-borne transmission is a real problem, the idea that new-variant CJD can be passed from person to person in the blood is still purely theoretical.

It rests on two observations. The first is that the disease (which is caused, as far as anyone can tell, by an infectious protein known as a prion) can be transmitted from one laboratory mouse to another if blood from the first mouse is injected directly into the brain of the second. Direct injection is necessary because mammal brains are protected by a system known as the blood-brain barrier, which keeps out most infective agents which blood carries.

Life saver?

Some things, however, can cross the blood-brain barrier. These include white blood cells, which are part of the immune system. So the second worrying observation is that the normal, healthy version of the prion protein seems to have some sort of relationship with the cells of the immune system. That may, just possibly, allow the infectious variety of the protein to smuggle itself across the blood-brain barrier.

There is, however, no evidence at the moment that this actually happens. Nor is "traditional" CJD, which can be spread by, for example, transplanting the corneas of the eyes of an infected individual, regarded as a problem for blood-donation services. But new variant CJD is, as its name suggests, a new disease, and no one really knows whether it, too, is screened out by the blood-brain barrier.

Britain's response to the theoretical risk has been to start removing the white cells from blood that is being transfused for its oxygen-carrying capacity, and to import from other countries those blood-products for which white cells are a necessary ingredient. The FDA is expected to make a decision on the committee's recommendation in the next few months.

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THE NEW YORK TIMES, FRIDAY, MAY 21, 1999

Fox to Wade Deeper Into Sex and Violence

By BILL CARTER

Making more changes than any other network and reaching for programs deliberately aimed at breaking new ground in terms of sex, language and violence, Fox announced a fall television schedule yesterday with eight new series, including a reshaped, half-hour version of "Ally McBeal" that will play the night after the hour version.

The show (Tuesdays at 8) will consist essentially of old episodes of the series edited down to a half-hour. It is part of a growing trend in which networks reuse programs in the same week as a way of cutting costs.

Fox will also add a new comedy, "Action" (Thursday at 9:30), that will overtly use many of the words that have not previously been used on network television but will bleep the actual sound. The show is about a producer of action movies who is an egomaniac. It stars Jay Mohr.

The pilot of "Harsh Realm" (Friday at 9), a new drama from Chris Carter, the creator of "The X-Files," includes as heavy a quotient of violence as any show ever made, though

James Dittiger

Chris Carter of "The X-Files" has created the new "Harsh Realm."

Fox executives have promised the series will tone the violence down. The show is about an elaborate government virtual-reality game and a former American military officer's efforts to solve it and stay alive.

The network also has its own version of the high school shows that are a dominant trend for the coming season, but with "Manchester Prep" (Thursday at 8), a spinoff of the film "Cruel Intentions," which was itself a teen-age take on the film "Dangerous Liaisons," Fox is emphasizing a much darker, sexually promiscuous side of teen-age relationships.

At the other end of the spectrum, Fox has a family show, "Malcolm in the Middle" (Sunday at 7), which will aim more for sweetness than spice as a family deals with the discovery that their 9-year-old son — their middle child — is a genius.

The network has a spinoff of its successful drama "Party of Five" in the show "Time of Your Life," (Monday at 8) in which the character played by Jennifer Love Hewitt runs away to New York City to search for her birth parents.

Another family show, "Get Real" (Wednesday at 9), fits the new trend toward hourlong shows more based in comedy than drama. The family in the show experiences an unending series of crises, like car accidents, a teen-ager's refusal to go to college, a child being beaten up by bullies, but

Featuring bleeped-out words never used before on network television.

all are handled in comic fashion. It stars Debrah Farentino as a decidedly young mother of this brood.

The final Fox drama is another show that bucks the current trend away from violence. "Ryan Caulfield" (Fridays at 8) is about a young man who stuns his friends by becoming a police officer instead of going to college. He experiences the hard world of police work, including a first case involving a gruesome murder scene.

Fox is rebuilding every night of the week but Saturday. Among the shows it is dropping are "Millennium," "World's Funniest" and "The PJ's," though Fox promised the latter would be back later this season.

The network resolved its dilemma about which animated show to pair with "The Simpsons" by giving the 8:30 Sunday slot to "Futurama" and moving "Family Guy" to Thursday, where it will be paired with "Action" in a direct attempt to pull male viewers away from NBC's long-time comedy stronghold.

The Fox schedule:

SUNDAY
7 P.M., "Malcolm in the Middle"
7:30, "King of the Hill"
8, "The Simpsons"
8:30, "Futurama"
9, "The X-Files"

MONDAY
8 P.M., "Time of Your Life"
9, "Ally McBeal"

TUESDAY
8 P.M., "Ally"
8:30, "That 70's Show"
9, "Party of Five"

WEDNESDAY
8 P.M., "Beverly Hills 90210"
9, "Get Real"

THURSDAY
8 P.M., "Manchester Prep"
9, "Family Guy"
9:30, "Action"

FRIDAY
8 P.M., "Ryan Caulfield"
9, "Harsh Realm"

SATURDAY
8 P.M. "Cops"
8:30 "Cops2"
9, "America's Most Wanted"

UPN Adds Wrestling to Fall Lineup

By LAWRIE MIFFLIN

The madcap mayhem of pro wrestling has invaded broadcast television. UPN announced yesterday that it would give its two hours of Thursday night prime-time to "W.W.F. Smackdown," a production of the World Wrestling Federation.

Wrestling shows already dominate cable television, routinely taking 6 or 7 of the top 10 places on the Nielsen list of most-watched cable shows each week. The federation has shows on USA on Sunday and Monday nights. Two Turner networks, TBS and TNT, feature shows of a rival group, World Championship Wrestling.

"We look at it the way another network looks at football or basketball," said Dean Valentine, UPN's president. "If you want to reach an audience of young guys, this is what they're watching."

He described it as "comedic soap opera for men," adding that Vince McMahon, federation chief executive, had agreed to tone down the violence and vulgarity "somewhat" for UPN.

UPN is also bringing back the comic actor Jaleel White ("Family Matters") in "The Grown-Ups," a new sitcom about young adults that the network says is different from those of other networks because its cast is interracial.

The show will be broadcast on Monday nights, after the network's popular family comedy "Moesha," starring Brandy, and a spinoff, "Mo'Nique," featuring Moesha's best friend, Kim, played by Sountess Vaughan, and her mother, played by the stand-up comedian Mo'Nique.

The animated "Dilbert" will move to Tuesdays at 8 P.M.; the rest of Tuesday and Wednesday are intended to attract young male viewers. Wednesday's "Shasta McNasty," about three hip-hop singers living the cool life in Venice Beach, Calif., and "Secret Agent Man," an updated spy series, also both have interracial casts. On Thursdays, "Seven Days" and "Star Trek: Voyager" return.

Here is the UPN schedule:

MONDAY: 8 P.M., "Moesha"; 8:30, "Mo'Nique"; 9, "The Grown-Ups"; 9:30, "Malcolm and Eddie."

TUESDAY: 8 P.M., "Dilbert"; 8:30, "Shasta McNasty"; 9, "Secret Agent Man."

WEDNESDAY: 8 P.M., "Seven Days"; 9, "Star Trek: Voyager."

THURSDAY: 8 P.M., "W.W.F. Smackdown."

FRIDAY: 8 P.M., "Blockbuster Video's Shockwave Cinema."

HOME VIDEO

Peter M. Nichols

saying we have this part where the

Department of Energy
Washington, DC 20585

'99 JUN 28 AM9:44

June 25, 1999

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Effective July 30, 1999, I shall resign my position as Assistant Secretary of Energy for Defense Programs.

You nominated me for my current position on May 10, 1993. I was confirmed by the Senate and was sworn in on August 9, 1993. On July 3, 1993, you announced that it was the Administration's goal to seek a Comprehensive Test Ban Treaty. You directed the Department of Energy to begin a Stockpile Stewardship program, whose purpose is to maintain the safety and reliability of our nuclear weapons stockpile under such a test ban. You were able to sign the CTBT on September 24, 1996, and while the treaty has not yet been ratified by the U.S. Senate, I am sure that it will be and will be remembered as a major contribution of your Administration.

Stockpile Stewardship has become the largest individual science and technology program in the world and is recognized as one of the finest. It has reinvigorated the U.S. supercomputing industry and the three nuclear weapons laboratories and will have a major impact on science and technology well into the 21st Century. Most important, a robust Stockpile Stewardship program will continue to underpin the Nation's national security. It has become, as you have stated, "a supreme national interest."

It has been my job to help develop and lead the Stockpile Stewardship program these past six years, working with over 25,000 people in the national laboratories, the weapons production plants, the Nevada Test Site, and the Federal system. It has been a rare privilege and honor to serve my country in such a critical position, and I am grateful to you for the opportunity.

Respectfully,

Victor H. Reis
Assistant Secretary
for Defense Programs

cc: Secretary of Energy

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Came in interoffice mail -
Send to Beeschard:
Yes ✓
No

cc: Exec Clerk
Yes ✓
No

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The White House
Washington, D.C. 20500

robrose@worldnet.att.net
06/18/99 08:52:23 AM

Record Type: Record

To: Mary Morrison/WHO/EOP

cc:
Subject:

Mary,

I am faxing you a request from Douglas Campbell that I would like to be responsive to. Douglas is a gentleman in his 70s that has amassed one of the finest collections of Presidential letters in the country. He has handwritten letters from every President except LBJ and WJC and has been working with the Johnson family to obtain the former. Upon his death, Campbell has bequeathed his entire collection to Yale University. Douglas would very much like to complete his collection with the inclusion of a very brief handwritten letter from President Clinton.

Thanks for your assistance.

Bob

(Please see accompanying fax)

'99 JUN 23 PM12:13

6/28/99

NANCY – SEEM LEGITIMATE – BUT IT'S A BIT MUCH TO MAKE THE PRESIDENT WRITE OUT A NOTE. I SUGGEST WE PREPARE TYPED LETTER AND GIVE POTUS OPTION OF ADDING A FEW HANDWRITTEN WORDS AT THE END.

SEAN

BEAR STEARNS

ROBERT N. ROSE
SENIOR MANAGING DIRECTOR

BEAR, STEARNS & CO. INC.
245 PARK AVENUE
NEW YORK, NEW YORK 10167
(212) 272-2822
(800) 201-3983
FAX: (212) 272-7817
e-mail: rrose@bear.com

Mary Morrison

As discussed in the accompany e-mail.

Thank you,

Bob

Resource Holdings Ltd.

520 Madison Avenue
Fortieth Floor
New York, New York 10022
Telephone 212 980-38[illegible]
Facsimile 212 935-3851

June 7, 1999

Hon. William J. Clinton
The White House
Washington, DC

Dear Mr. President:

I have what is considered to be a unique collection of hand-written letters of Presidents written during their term of office, which I am leaving to Yale University.

It includes one of the three letters known of William Henry Harrison, one of the two letters known of President Eisenhower, a copy of the Emancipation Proclamation signed by Lincoln, (as well as a hand-written letter to Edward Everett), a letter of President Garfield to Edwards Pierrepont ("I want to determine early in my term if I am to be a registering clerk or President"), and many others of interest. I thought you might be interested in the comments made by Charles Hamilton who until his death a year ago was the leading expert on autographs in this country. The collection is now complete except for President Johnson, though his family are trying to be helpful, and of course I do not have one of yours.

I would appreciate it very much if you would be willing to write me a short letter to complete the collection. Could you include a line or two saying what you think are the outstanding accomplishments of your time in office?

Best wishes to you and Mrs. Clinton,

Sincerely,

Douglass Campbell

Douglass Campbell
Senior Vice President

CHARLES HAMILTON
HANDWRITING & MANUSCRIPT EXPERT
166 E. 63RD STREET
NEW YORK, NEW YORK 10021
(212) 888-0338

APPRAISAL OF PRESIDENTIAL AUTOGRAPHS

This remarkable assemblage of letters and documents, brought together by Douglass Campbell, is one of the finest collections of its type in the world. Every autograph was selected with impeccable taste, and each represents the choicest exemplar available, notable for its attractive appearance, contents and rarity. There are no ordinary specimens here. Every item is exciting and beautiful, aesthetically framed with an engraving or photograph, to display the autograph to the very best advantage.

The experienced historian or connoisseur who appreciates documents and portraits that illuminate our history will pause and look with awe and admiration on this unsurpassed gallery of Presidents, one of the most impressive I have seen in more than half a century as an autograph expert.

In this appraisal, each item is individually described, with a separate evaluation for each that represents the current market value.

Charles Hamilton