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THE WHITE HOUSE
WASHINGTON

Copied:
Ibarra
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July 2, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra *Mickey*

SUBJECT: Office of Intergovernmental Affairs Weekly Report – June 28 to July 2, 1999

NEW MARKETS

We are mobilizing support among elected officials for the New Markets Initiative, and working to include electeds in your historic trip next week.

GOVERNORS

State Criminal Alien Assistance Program (SCAAP): Governor Davis (D-CA), Governor Hull (R-AZ), Governor Bush (R-TX), Governor Ryan (R-IL), and Governor Pataki (R-NY) have sought our help to secure full funding for SCAAP. The program is designed to reimburse the states for the costs of jailing undocumented criminal aliens. This year, the states received \$585 million for SCAAP. The Administration has proposed \$500 million for SCAAP for FY2000, but the Senate Appropriations Committee has only appropriated \$100 million--an 83% reduction from last year. Governor Davis is particularly unhappy about this because California qualifies for 42% of the total. The costs of the incarceration of aliens in California are well over \$800 million.

*Sp: Gruns
all should
try to get
free up*

NATIONAL ASSOCIATION OF ATTORNEYS GENERAL

The National Association of Attorneys General met last week in Nashville, TN for their summer meeting. The RNC recently created a "soft money" account for GOP attorney general candidates and talk of this new organization dominated much of the meeting. The meeting was --- for a group that is traditionally non-partisan and collegial -- the most bitter and contentious meeting of Attorneys General in recent memory. Notwithstanding that all the Democratic attorneys general (32) and about half of Republicans oppose this account, a handful of Republican attorneys general are very committed to it. A commitment was reached that the account would only be used for open races. This took a lot of steam out of the issue because it had been viewed as being motivated by a desire to defeat Mike Moore who is one of three attorneys general up for re-election this year.

7-5-99

INSULAR AREAS

- Small Territories Disabled Aid: HHS agreed to our request that the Administration's bill to reauthorize the program for aid to the disabled end the program's lesser treatment of the smaller territories -- Guam, Samoa, the Northern Marianas, and the Virgin Islands.
- Guam Micronesian Compacts Aid: Congressional appropriations subcommittees omitted funding you proposed for costs imposed on Guam by migration permitted by U.S. free association compacts with Micronesian nations. We are working with OMB and Guam's representatives in support of the aid.
- Territories Medicaid: Puerto Rico Resident Commissioner Carlos Romero-Barcelo (D) asked you to support increasing the caps on Medicaid in Puerto Rico, the Virgin Islands, and Guam enough to (1) enable needy veterans to receive all Medicaid services provided in the States, and (2) cover Medicare Part B premiums and deductibles for needy aged in the islands. Several key House Democrats joined him in making the proposal.
- Puerto Rico Housing Aid: We announced, on your behalf, FEMA's agreement to Puerto Rico Governor Rossello's proposal to use over \$190 million in formula funds to be used for the housing of victims of Hurricane Georges who are too poor to take advantage of other housing programs or living in unsafe structures.

SAN ANTONIO

On June 29, I delivered the keynote address to the biannual national conference of the Selective Service System in San Antonio, TX. In addition to expressing your appreciation for their contribution to our military readiness, a review of your domestic policy agenda was presented. Meetings with Mayor Howard Peak and other area elected officials were held as well.

STAFFING

On June 14, Adrienne Elrod joined the IGA team as special assistant to the director. Formerly of ONDCP, Adrienne is the daughter of John Elrod of Fayetteville and Georgia Elrod of Siloam Springs.



THE PRESIDENT HAS SEEN
7-5-99

Unscented

Jazz and Rock Quartet

Parties - Special Occasions

Booking Info: Jeff Lange
Phone: 781-235-2111

June 3, 1999

Dear President and Mrs. Clinton,

Thank you so much for inviting us to play at the
Wellesley College Reunion Dinner. We are so honored.

Jeff Lange Will Ambrose

Sincerely,

~~Max Glasser~~

P.S. Happy 30th, Mrs. Clinton! Mike & Nick

7/5

To Burkhardt
for reply?

Yes ☒
No ☐

cp

S. SHAH
rs.

THE PRESIDENT HAS SEEN
7-5-99

President

To NSC
FOR REPLY
BN

7-5-99

Niranjana S. Shah

CHAIRMAN
Globetrotters®
Engineering Corporation

300 South Wacker Drive
Chicago, Illinois 60606
(312) 922-6400

June 30, 1999

Dear Mr. President:

It is always great to visit with you. You have been a true friend to the Indian American Community, both as the first U.S. President to recognize the contributions of the community and as someone who has supported India.

Your denunciation of state sponsored terrorism and the crossing of the Line of Control by militants into Kashmir is appreciated by the Indian American Community. Clearly, it is this support that has deterred Pakistan from taking more aggressive action and has encouraged Pakistan to use restraint.

Mr. President, India would like to pursue a peaceful relationship with Pakistan. Prime Minister Vajpayee's recent bus trip to Lahore and the continual regard for the Line of Control by the country are clear indicators of this.

The Indian Community is very pleased by the statement issued by the State Department and the recent House Resolution authored by Congressmen Gilman, Blagojevich, and Rush opposing the armed incursion by Pakistan and supporting the immediate withdrawal of troops. The Indian American Community is also very pleased with our State Department's position and forthright statement of **Assistant Secretary of State Karl Inderfurth** that: "Clearly, the Indians are not going to cede this territory that these militants have taken. They have to depart, and they will depart, either voluntarily or because the Indians take them out."

Mr. President, a public statement from you supporting India's position and denunciation of state sponsored terrorism and crossing of control by militants into Kashmir would send a strong message to the Indian American Community in the United States.

If you feel it is appropriate, please send me a letter stating your views concerning this correspondence. I know that over one million members of the Indian American Community would be extremely pleased with such a message.

With regards,

Niranjana S. Shah

THE PRESIDENT HAS SEEN
7-5-99

MYRON M. CHERRY

7 June 99

Dear Mr. President -

Ben and I send our
best. Peace in Kosovo is
a tough goal and often we
can let our guard down as
to the reason we're there.
Be courageous - we're there
for good reasons.

7/5

Enjoy the 4th - See
you in Chicago soon -

To Burkhardt
for reply?
yes ☒ No ☐
cp

I sent you a note on
Judge Con and the 5th
Cir. He's a good man.

Mike

Perfor

The President

he
can
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a
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in

MYRON M. CHERRY
SUITE 2300
30 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60602

THE PRESIDENT HAS SEEN

7-4-99

THE WHITE HOUSE

WASHINGTON

WASQ

Too Steu's Dad,
Dick, says he's in line
to be Amb. At large
for Cultural Affairs -
non-confined - but
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What's the deal?

BC

copied
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Podesta

THE PRESIDENT HAS SEEN

7-4-99

THE WHITE HOUSE
WASHINGTON

2/4/99

Stylianou

Danny Solis (Patti's Brother)
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Hungarian Vets Group National
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Dec - get details - should
seriously consider

BC

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Streath
Podesta

THE PRESIDENT HAS SEEN
7/4/99

THE WHITE HOUSE
WASHINGTON

7/7/99

WASH

Neil Hartigan called
me about Fudzie Mac
Wright - can I do it?

Mike Cherry a year friend
from Chicago - called about
an appt - call me -

TZ

copied
Nash
Podesta

THE PRESIDENT HAS SEEN
7-3-99

Leonard Hutto is big oil's
man in the Niger Delta and the reluctant
lord of all he surveys.

Deep in The Republic Of Chevron

By Norimitsu Onishi

Savvy [usc]
fry - interesting
Copied:
Berger
Podesta

THE DELTA REGION OF SOUTHERN Nigeria, where the mighty Niger River drains into the Atlantic Ocean, includes some of the most inhospitable territory on earth. It's the world's largest mangrove swamp, 14,000 square miles of thickets, channels and lagoons all but impenetrable to any but the most practiced eye. It's also oil country, dotted with wells and flow stations, where about two million barrels of crude are collected each day and piped to central stations for transport abroad.

Helicopter is the preferred mode of transport, for the lucky few who can afford it. One of those is Leonard Hutto, the superintendent of Chevron's operations in the eastern Niger Delta, and on this day it was his chopper that hovered tentatively above one of Chevron's 30-odd oil stations in the area. The landing pad, a few hundred feet below, was thronged with hundreds of angry young Nigerians peering up at the midmorning sky, clearly shouting and shaking their fists. Seeing that they did not have guns, Hutto finally told the pilot to land.

At the same moment, down on the flow station, standing atop a table inside a tiny office, surrounded by dozens of young men brandishing machetes, Hutto's Nigerian assistant, Tony Okoaye, was relieved to hear the helicopter's engine drown out the shouts of his captors. To hear Okoaye tell it, a predawn phone call had jerked him out of bed: 400 villagers had invaded the site, carrying with them a long list of demands. By 7 A.M. Okoaye had driven to the station,

Norimitsu Onishi is the West Africa bureau chief of The New York Times.



only to be taken hostage. Okoaye, an American-educated engineer normally prone to fits of delirious laughter, was not laughing. The young men, many drunk or high on marijuana, made him stand on the table for hours, slapping his pudgy frame and jabbing forefingers into the soft belly above his Tommy Hilfiger jeans. "Ah, hah!" they taunted. "You're a big man!"

They ordered him to shut down the oil wells. Okoaye did so, reluctantly. "You don't want to lose one barrel." Then they demanded to see his boss, Hutto. "We want to see the white man," they told him. "The American."

And so after a half-hour helicopter ride from Chevron's eastern headquarters in the city of Port Harcourt, the American oilman from south Texas had arrived. "What a pain," Hutto remembers thinking, as his chopper descended from the sky and the Nigerians scattered.

What came next on this particular morning would nonplus the most seasoned executive at a Fortune 500 company, but to the Chevron oilman it was Kabuki. After the youths agreed to let him call a police escort, Hutto got into a Toyota pickup and drove a few miles to the village.

There, in the shade of a huge tree, he sat on a folding chair through the afternoon, listening to the community's grievances and demands: more scholarships for its youngsters and more regular

meetings with Chevron, which the locals would get, and other demands, which they would not, including 25 jobs on the spot, about \$27,000 in cash and an unspecified amount for the wages they had lost while busy invading the oil station. Hutto instead slipped \$50 to the town chiefs for drinks, \$20 to the youths and another \$20 to a group of young men who had let the air out of the tires of the Toyota — to reinflate them.

His assistant was released, the valves were opened at the oil wells and crude began coursing through the pipelines to the flow station. A few thousand barrels had been lost.

"Not a big deal," Hutto says.

Routine, in fact, in the Niger Delta, where men usually focused on finding and extracting hydrocarbons are forced to act as politicians, diplomats and mediators. These are roles that Western

Photographs By Guy Tillim



Hutto and his Nigerian assistant, Tony Okoaye, left and above, on visits to the town of Idama, where they had to deal with a local king who wants a bigger piece of the action.

oilmen are increasingly playing as they seek crude in war-ravaged and lawless places like Angola and Congo, nations in name alone. Hutto spent 12 years in Congo, the former Zaire, where frequent crises forced him to sleep on an offshore oil platform, a fortress in the Atlantic Ocean several miles from a land of chaos.

The Niger Delta is not just physically inhospitable. It is also the most combustible oil-rich corner on the planet — simply the most difficult and dangerous assignment for an oilman. In Hutto's office, a framed black-and-white photograph hangs on the wall, a constant reminder of the price of peacekeeping in the delta. It shows Hutto standing next to some chiefs in Kula at the dedication of a \$125,000 town-hall center built by Chevron.

The photograph was taken a year ago, soon af-

ter Hutto arrived in Nigeria, just in time to see the death of Gen. Sani Abacha unleash a bewildering series of events that culminated in the installation of a new civilian Government in May. In the past year, the troubles in the Niger Delta have become more evident. Its boldest residents, whose anger had been contained by Abacha's fiercely repressive dictatorship, have invaded oil stations, kidnapped workers and committed sabotage against pipelines. Last fall, the unrest slashed Nigeria's daily oil production by a third. The revolt, deadlier, more widespread and better organized than the isolated protests of previous years, led many in Nigeria to talk of a coming civil war.

All of which has transformed the simple task of pumping crude into a strange exercise in diplomacy, civics and bluff, less the oil business than an exercise in velvet-gloved imperialism.

"We've gone to a situation whereby we can produce oil with our eyes closed," says Okoaye, 42, who has worked in Port Harcourt for seven years. "Dealing with those guys, that's the toughest part now."

And so the Western oil companies find themselves in the peculiar position of providing services usually met by government — supplying electricity and water, building roads, bridges, schools and hospitals. Mostly, they have done this to stop rising public discontent from making it impossible for them to pump oil.

"The Government is supposed to do something first," says Ajumogobia Wenike, 43, a fish-



Matthew Alabo, seated, in a black T-shirt, was educated in London. He has returned home to restore Kula's largest fishing settlement. Right: The Chevron flow station at Robertkiri.

erman living in a town, Kula, so deep in the mangrove swamp that he has never even visited Port Harcourt, although it's only about 50 miles away. "But if government doesn't, the companies should do two and three, because they benefit from the blessings of our soil. It's what God gave us that they are tapping."

The unrest is rooted in four decades of gross state neglect. Successive military regimes dominated by Muslim northerners have kept the Niger Delta and its seven million people severely undeveloped, while enforcing few, if any, environmental standards. The generals had already, in the late 1960's, fought the bloodiest civil war in post-colonial Africa. In that conflict, the Ibo, one of the three main ethnic groups in the country, had tried to secede, form their own country, Biafra, and take the oil with them. The generals feared that economic development in the delta would inevitably beget similar separatist yearnings.

"Our responsibility, our duty, our obligation is to redress the neglect of the past," the newly elected President, Olusegun Obasanjo, said during a visit this month to the delta. This was after a new wave of violence swept the area the day after his inauguration, leaving scores of Nigerians dead. "But please, please, give us the opportunity. Give us time." For now, while the roads in the rest of the country may be bad, they are vir-

tually nonexistent here. While the state-owned power utility supplies infrequent electricity elsewhere, its power lines do not even reach here. Not only has little of the estimated \$275 billion the country has earned from oil since the mid-1970's been spent here, but \$50 billion of it has just disappeared overseas, according to a United States official in Nigeria.

THERE IS ONLY ONE MAJOR ROAD IN THE DELTA — a 120-mile stretch linking the oil cities of Port Harcourt and Warri. The road, with soldiers stationed every few miles to preserve order, provides sometimes grotesque scenes of misery. When a crater-size pothole forces me to stop my car, men and women wearing rags and straw hats surge forward and prostrate themselves on the road. The supplicants, my driver explains, are escapees from a local leper colony.

I am heading east to Port Harcourt, to meet Hutto at Chevron's offices in a walled-off compound of white one-story buildings. I find him standing under the canopy of the main entrance, dragging on a Marlboro and chatting with traditional leaders from the communities near Chevron's oil sites. The chiefs drop by one after the other, as they do every day Hutto is here. Overall, he says, he now spends at least 60 percent of his time on community relations.



Damian Obiagu, a chief in a town called Izombe, buttonholes Hutto: "Please, I have just dropped a letter for you. If they have been working on my land, I want them to employ — I have dropped the letter in the office. So you have to tell them."

"Yeah, we'll talk," Hutto says.

"Yes, thank you very much," the chief says, leaving. "Yes, thank you veeeeery much."

The chief's words may be disjointed, but his message is clear. A Chevron contractor has been doing some work at an oil well, and the chief is pressing Hutto to make the contractor hire local youths as casu-als. In all likelihood, ghost workers will be hired. "They don't show up for work,"

'Our Government cannot assist us for anything. So, in effect, we now make all our demands on Chevron. ... We are now like father and son.'

Hutto explains. "You don't want them to. You don't want a person on a jack-up barge or drilling rig who doesn't know anything about safety."

But the ghost workers serve an important purpose. They allow the chief to claim he has won jobs for his people and the oil company to say it has hired from the community. The fiction is necessary because it is virtually impossible to find qualified oil workers among the delta residents. Sometimes, though, one party does not stick to his lines. Chevron awarded Obiagu a contract to provide "security" at one of the wells. But one day, displeased with Chevron, the chief's men invaded the well. "No, no, Damian, you don't understand," Hutto recalls telling the chief. "You're our security contractor, to protect us. You're not looking to threaten us. 'Oh! oh!' he said. He's a nice old man."

Since taking over Gulf Oil in 1984, Chevron has pumped many billions of dollars' worth of oil in Nigeria, 418,000 barrels a day in 1998. In 1998, Chevron Corporation's total worldwide revenues amounted to \$30.6 billion; Nigeria's gross national product was estimated by the World Bank to be \$30.7 billion in 1997. Nigeria's G.N.P., while a pittance alongside the West's economies, is one of Africa's biggest.

Kingdom Dateme, the king of a town called Idama, also finds Hutto under the canopy. "Our Government cannot assist us for anything," the king tells me. "So, in effect, we now make all our demands on Chevron. Your own state cannot do anything for you. Your local governments cannot provide something for you. We are now like father and son. Are you

getting me? I can even come here at 6 o'clock, 8 P.M. or 8 A.M. I can simply come."

"You must help me, your people," Hutto tells him.

"I'm creating the enabling atmosphere for you," the king says.

In return, Chevron is building a science laboratory for the town's secondary school. But to insure the loyalty of the king and other traditional leaders, Chevron awards them personal contracts, to provide security or, more typically, to supply the office with bottled water and office materials. "It's better than to just give them money," Hutto says after the king has left. "I'd rather see them work for it."

The king has been pushing for a bigger personal contract, Hutto tells his assistant, Okoaye, who has come outside. "He wants a contract so that he can get a big house now," Hutto says.

"In his village?" Okoaye asks.

"No, here."

"Here in P.H.?" Okoaye laughs, adding, "That guy, he's something else, eh?"

"He's looking for a half-million, million Naira contract," Hutto says, the equivalent of \$5,000 to \$10,000. "With those he can buy his own big house here."

Okoaye laughs uproariously, before adding with some finality, "He's a pig."

Then softening up a bit, Okoaye asks his boss: "But he doesn't really make trouble for you. He doesn't really bother you, does he? He's just greedy."

"Well," Hutto says, "they're all greedy."

AFTER WORK, HUTTO DRIVES HOME in his white Toyota Landcruiser through Port Harcourt's "go slows," or traffic jams. Boys hawking everything from toilet paper to power tools dart to his side with cries of "Master!" But they turn away quickly: a Nigerian policeman, gripping a tear-gas rifle in his hands, rides shotgun.

More policemen guard Hutto's villa, a two-story white house. Never married, Hutto lives alone, not counting the houseboy in the backyard bungalow. In the kitchen, Hutto shows me a large refrigerator and freezer. He keeps inside the 50 New York sirloin and T-bone steaks that he brought back from his last visit to the United States and has been cooking, at the rate of one a week, on a grill that he keeps in his living room.

He drops off his briefcase and gets ready for a visit to an expat bar called Cheers. As Hutto pulls out of his driveway, a skinny African dog watches indifferently. When he moved in, Hutto explains, the houseboy told him that the previous tenant had left the dog behind.

"Now it's yours," Hutto told the houseboy.

Hutto, 43, grew up in the small town of Taft in south Texas, watching his father and grandfather supplement their farmers' incomes by working in oil fields. Hutto got a degree in petroleum engineering at Texas A&M, then joined Chevron and worked in west Texas and the company's headquarters in San Francisco. But it was the Congo that hardened him for battle. Like many expatriate oilmen in Africa, he worked nonstop for 28 days, then went home for 28 days, in his case to a ranch-style house in Las Vegas.

"I was there to make money," Hutto says of the Congo, and explains one trick. During his trips home, he would go to a Kmart and buy cheap wristwatches on sale and sell them for a mark-up to the Congolese. "And these guys, they would just see the original price sticker," he says. "The same guys would come to me in three months for another watch, so I knew they were reselling them. I was just getting my cut."

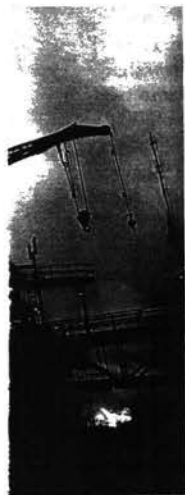
A year ago, Hutto accepted the assignment in Port Harcourt, a position Chevron considers difficult to fill because there is no rotation schedule, no other Americans and constant interaction with Chevron's delta neighbors. In Lagos, the Americans live inside Chevron's headquarters, a sprawling campus surrounded by high walls, a surreal replica of America with wide streets and suburban houses straight out of Westchester County. Here, Hutto is alone.

And to the thousands in the delta, Leonard Hutto is Chevron Oil.

For years, the oil companies ignored the squalid conditions in the delta, content to pump oil and get their profits out. But they were forced to change their approach, particularly after 1995. General Abacha's regime hanged the writer Ken Saro-Wiwa after he demanded reparations for his Ogoni people, who remained impoverished despite the long presence of Royal Dutch/Shell in their region. Nigeria became an international pariah; Shell, the biggest producer in the country, suffered a public-relations black eye. Shell began a review of its relations with its host communities, and the other companies increased their community contributions.

But violence has risen and taken on different forms. The deadliest has been fighting among the delta's ethnic groups, competing against one another for jobs or claims to oil-rich areas. The Nigerian military has also engaged in battles with rioters, and the oil companies have been criticized for their coziness with the military. A recent report by the New York-based Human Rights Watch says the oil companies have looked away whenever the military has brutalized or killed protesters. In Chevron's case, Human Rights Watch says that twice in the last year the military used Chevron boats and helicopters to crack down on protesters. Four villagers were killed in one incident, according to the organization.

Chevron, like the other oil companies, argues that its hands are tied in these situations. The companies are minority partners in joint ventures with the Government and say they cannot refuse any requests by the military to use equipment leased by the joint venture. What's more,



'Most Kula people are greedy; most of the chiefs are greedy,' Hutto says. 'They want money all the time. Money, Money, Money, Money.'

the companies point out, their workers have often been hurt. In December, six of Chevron's Nigerian employees were kidnapped and are presumed dead.

For Hutto, keeping peace in the town of Kula has been especially hard. At Chevron's quarterly meeting in Kula, the number of chiefs invariably increases, which means more contracts to hand out and more money to spread around. "Most Kula people are greedy; most of the chiefs are greedy," Hutto says. "They want money all the time. Money, money, money, money."

But, he says, he will stick with this job, maybe for another two or three years. An overseas assignment has always been good for an oilman's career, but especially so nowadays when Chevron is increasing the number of its positions overseas. And he reckons that he makes about 50 percent more than an executive at an equal level in the United States.

After several Heinekens at Cheers, we go to Charlie's, a restaurant for well-to-do Nigerians. Hutto flirts with Phyllis, the waitress, but complains when she brings him only two prawns on a platter. The food has been going downhill since Sylvia left; Sylvia always brought him three prawns. It is not 10 P.M. yet, but it is time to go home. Early morning. Lots of work. And Kula, always Kula.

"He always leaves early," the host says, "before the pretty girls come."

UNREACHABLE BY ROAD, KULA LIES ON the Atlantic coast, a two- to three-hour trip aboard a twin-engine boat from Port Harcourt, through a maze of swampy creeks that appear indistinguishable from one another. There are two other ways to get there: a 30-minute flight aboard a helicopter, which the oil companies use, or a big, slow, aging boat that takes about nine hours and is used by most people here.

Not too far north of Kula, one Chevron and three Shell stations pump tens of thousands of barrels of oil a day. In the creeks around Kula, children paddle by themselves in dugout canoes, cruising past mangrove trees that dig their sinister-looking roots, spiderlike, into the soft shore. On the waterfront, a Government-built concrete jetty is sinking into the river, seemingly ready to collapse at any moment. A stone's throw from there, the blackened and rotting pillars of a new Government jetty that was never finished are slowly giving way to the waves. Kula consists of a town center surrounded by scores

of fishing settlements of mud-and-thatch houses. In the center, simple wood houses with dirt or concrete floors and zinc roofs are packed around narrow dirt alleyways. Open sewers, reeking of stagnant green refuse, crisscross the area.

In other words, Kula is a typical delta town. The only medical facility for a population estimated at more than 40,000 is a three-bed dispensary in a squat concrete building constructed decades ago by the British, Nigeria's former colonial rulers. Its three primary schools and one secondary school have stood empty for the last four months, since the teachers, who had not been paid in months, went on strike. Electricity is provided by a generator that is maintained by Shell. It is turned on around 7 P.M. and switched off around 6 A.M. Chevron built the only paved road. At Kula's request, Chevron is now constructing staff quarters and dormitories for the secondary school, projects that were begun but abandoned by the Government in the early 1980's. Overall in Nigeria, Chevron reports spending \$30 million from 1994 to 1998 in community-development projects.

The projects are agreed on during meetings between Chevron and the Kula chiefs. Because the Kula chiefs spend most of their time in Port Harcourt, the meetings are never actually conducted in Kula. And usually the meetings are held over catered lunches.

"Free food!" Hutto says.

Typically, the Kula chiefs make requests of Chevron and, to keep the peace, the oil company agrees to them — if the projects fall within budget. It does this even with projects that are patently unsound. For instance, Hutto says, Chevron warned against paving a road through a wet area, but the chiefs insisted. Now the road has collapsed. Another strategy to keep Kula and the other communities happy, Hutto says, is to drag out construction of projects, so that Chevron is almost always building something in each community, reaping the political rewards.

In Chief Anthony Opuari's house hangs the same photograph of the town-hall ribbon-cutting ceremony that hangs in Hutto's office. "Leonard Hutto is a kind man," says Opuari, who is Kula's senior chief. "He is always listening to our problems."

But away from the town center, next to a fishing bay in a cluster of shacks made of driftwood, the cozy relations between the oil companies and the chiefs kindle fires of resentment. "The chiefs punish us, combining with Shell and Chevron not to develop this town," says Dokubo Obene, 27, who is wearing a Michael Jordan

T-shirt but says he has never heard of the basketball star. "When they want to develop this town, the chiefs collect the money as bribes." Obene belongs to a group that calls itself Chevron Youths. Its members, who squat on a piece of land across the river from the Chevron oil station, demanded a \$2,000 "development" fee so that they could build a house.

Hutto has never heard of the Chevron Youths, though he does not doubt their existence. He knows that most residents of Kula say the oil companies have not done enough and accuse their leaders of selling them out. He admits that the Kula people are "probably right" that the chiefs are embezzling money. But the oil companies have no choice, he says, but to deal with leaders selected by the communities. "We can't start meddling with internal politics. You have to stay outside the boundaries of the community."

The chiefs routinely barge into Okoaye's office, greedily eyeing, for instance, the Chevron pen on his desk. "They take it!" Okoaye says, making a swiping movement with his arm. "Oh, I like it!" You try to be a nice guy, because those few things can count in the future. When you get into trouble, you want them to be there to help you."

Behind his cynicism, however, Okoaye conveys a passionate sense of mission. He is a Nigerian who chose to return home from the United States, not on a lucrative expat's salary but on the far-smaller wage of a local hire. Educated overseas, married at one time to an American woman and a member of the Yoruba, the most highly educated group among Nigeria's 110 million people, Okoaye is nearly as much a stranger as Hutto is to the people from the swamps and creeks.

"Sometimes maybe the oil companies are too rigid," he says. "The oil companies should reach out to people in the villages, who genuinely live in the villages, maybe some religious leaders."

The chiefs maintain that by living in Port Harcourt they can lobby the oil companies more effectively. Besides, some of them work as civil servants there. When I first meet Opuari, he demands a "courtesy call" of 100,000 Naira, about \$1,000, for an interview. He assures me the proceeds will be spread out among all the chiefs. The price drops gradually, all the way to \$100, until he drops the subject altogether after half an hour.

"I asked Chevron for assistance to finish my house," Opuari says, referring to a concrete house he has been building in Kula. "But no assistance." The people of Kula wonder, though, how Opuari, a low-ranking civil servant with a secondary-school education, can afford a house in Port Harcourt, one in Kula and now a third one.



It is Saturday night in Kula. The town center sinks under a haze of smoke from countless small fires and the flicker of individual lamps. The brightest light in Kula, shining even brighter than the full moon on this night, is a Shell flow station's gas flare a few miles north. The flare lights up the sky with an orange tint, making the whiteness of the clouds eerily visible at midnight.

WHEN I DROP BY UNANNOUNCED AT KULA'S Anglican church on Sunday morning, a lay leader is delivering a sermon from the Acts of the Apostles. She reads the story of the couple, Ananias and Sapphira, who sell a piece of land and keep part of the proceeds for themselves. "But Peter said, 'Ananias, why has Satan filled your heart to lie to the Holy Spirit and to keep back part of the proceeds of the land?'"

In Kula, everyone believes his neighbors to be Ananias and Sapphira. The alienation from the community, from traditional authority, has made Kula a fertile ground for increasingly desperate actions, especially takeovers of oil stations. About a year ago, 25 youths were jailed after invading a Chevron oil rig. Shell, which has three stations and an extremely strained relationship with Kula, experienced an average of two shut-downs a month last year. Last month, 50 young men invaded a Shell station and closed it for five days, for a loss of 134,050 barrels of oil, worth about \$2.4 million.

The takeovers are evidence that Kula's traditional social structure has collapsed, says Matthew Alabo, 40. A businessman born in Kula and

one of the few to have been educated abroad, in London, Alabo returned last year to try to restore order in the largest fishing settlement in Kula. He has made some strides, helping depose a corrupt chief and organizing an election to select a successor.

The town's more successful men now jockey to be on the council of chiefs so that they can deal directly with the oil companies, Alabo says. While chiefs were once chosen for their wisdom, you can now buy a seat on the council for about \$500, if one of your ancestors was a recognized chief; about \$1,000 otherwise. Accordingly, the number of chiefs has risen from 5 to 18 in the last two years alone.

Young men mill around the oil operations, demanding that contractors pay a \$100 "landing" or "youth" fee to pass through a certain creek, waiting for a spill to demand compensation or, Alabo says, causing sabotage. "Even if you are 12 years old, you don't want to stay behind and watch what others have come to give you," Alabo says. "Everyone wants his piece directly."

The same, naturally, can be said about all of Nigeria. If Nigeria is the story of Ananias and Sapphira told a thousand times, from its top military rulers all the way down to a chief in Kula, only the dollar amount needs adjustment.

ON THE BOAT BACK FROM KULA TO PORT HARCOURT, a violent storm breaks suddenly. The bow, the mangrove trees, the creeks, the muddy river beds, the gas flares of the oil stations, all of the

"It is our oil they are taking," says Dan Opusingi, one of the senior chiefs in Kula. He drives a Mercedes.

Niger Delta vanishes in the rain. Will President Obasanjo's pleas for time and another chance be heeded? Will he push through policies to reform the entrenched system of corruption and pay-offs? Or will the angriest people of the delta grow ever more angry? And will they be emboldened — now that civilians, not soldiers, rule the country — to create more disorder?

At Chevron's office in Port Harcourt, Hutto and Okoaye are standing outside under the canopy on a rainy morning. Hutto's voice is raspy, sore from several days of negotiating for the release of an American worker. The worker, "a big guy from Alabama," took his boat up a canal near Chevron's oil station in Kula to check on a well when half a dozen young men jumped him. The worker spent nine days in the mangrove swamp with his captors pointing guns at his head. After a \$25,000 ransom is paid, the Alabama man is released.

"I don't know how we'll operate," Okoaye says, worried that such incidents will rise under the new civilian Government. "I don't know, because security is going to be a big problem."

Hutto rubs his forefinger and thumb together. "Sometimes it doesn't go far enough, money alone," Okoaye says. "Yeah, spend more money?"

"Spend more money."

"Keep them quiet? Make them happy?"

"Yup." ■

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

7-5-99

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Lovell
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Podesta

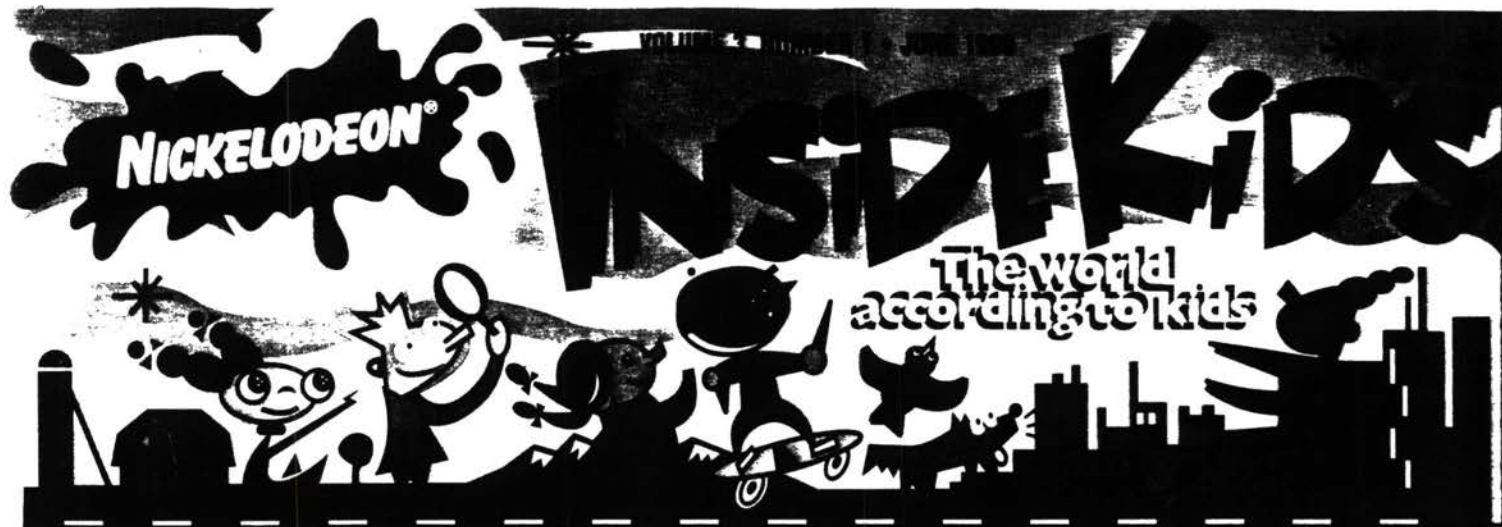
MEMORANDUM FOR THE PRESIDENT
FROM: ELLEN LOVELL
DATE: July 2, 1999
SUBJECT: "Sing America"

Here is the Warner Bros. Records CD, "Sing America," that we talked about yesterday. Warner produced this collection of American songs especially to benefit our *Save America's Treasures* project. All net profits go to the National Trust for Historic Preservation to help the sites and collections we are preserving. Denyce Graves recorded the signature song for this album.

I also thought you would like to see the recent Nickelodeon survey of young people, ages 6-14, which I sent to the First Lady. There are some hopeful findings here. For example, nine out of ten kids say they have friends who are of a different gender, race or religion. Not so positive is that one in six twelve to fourteen year olds say they have seen a gun at school.

Have a glorious Fourth.

cc Brew



Listening To Our Kids

This is a big year for Nickelodeon. It's our 20th birthday. This is a great time not only to reflect on what we've done, but also to take a look at the "State of the Union" in the eyes of America's kids.

Along with *Time* magazine, we commissioned one of the most comprehensive looks at kids and parents that Nickelodeon has ever done. It's a health check on the eve of the millennium and the occasion of our birthday.

There's a great deal of angst about kids right now. The conventional wisdom is that today's kids are a generation under siege: forced to grow up too fast; isolated from friends, family and traditional institutions; and desensitized by exposure to violence.

While there is understandable concern about how to prevent the horror of recent events, is this really an accurate picture of America's kids?

Despite other perceptions in the media to the contrary: the kids are all right. Our findings show that kids want to be kids; kids want to be with their parents; and kids want to help.

There is certainly cause for concern in some of the numbers you'll find on these pages, especially when it comes to kids' exposure to guns, their experience with dangerous substances and their worries about peer pressure. But, for the most part, the Kids' State of the Union is strong.

We think the key to keeping it strong is listening to kids. For 20 years at Nickelodeon, our mission has been just that. But we also want to be a voice for kids. That's our goal in this poll and the other survey results we've shared with you through *Inside Kids* in the past.

I hope you will take time to think about the results of this poll and maybe spend some time talking to a kid or two about their perspectives on these issues. And feel free to share your thoughts with us anytime.

Herb Scannell
President, Nickelodeon/Nick at Nite

Kids' State of the Union

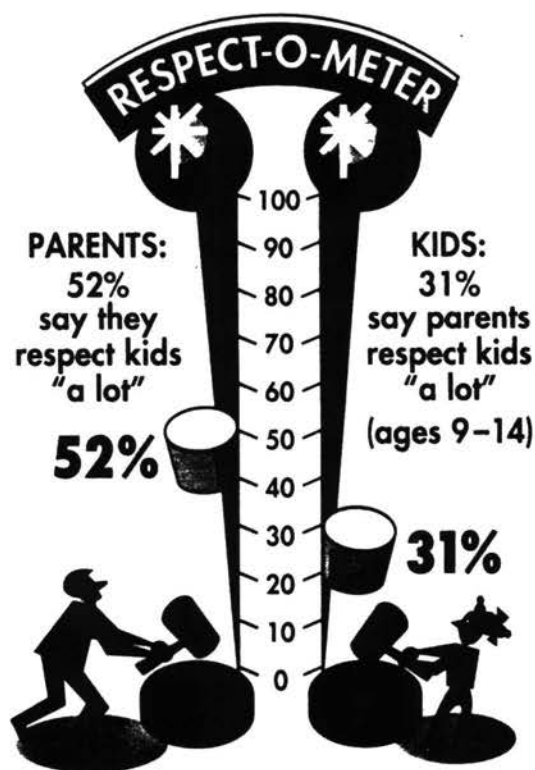
Despite the notion in the popular imagination that they are under siege, the majority of today's kids appear quite content, secure and family focused. Nickelodeon's "Kids' State of the Union" poll also shows that most kids are happy being kids. They are making friends easily and refusing to rush headlong into adulthood or even adolescence.

Moreover, parents are not as out of touch with their kids' lives as recent events in the media might lead us to believe. Separate interviews with parents and kids show that parents are very accurate in assessing whether their kids have seen guns at school, tried drugs, smoked or used alcohol.

However, kids do detect a "respect gap" when it comes to grown-ups. While 52 percent of parents say they respect kids "a lot," just 31 percent of kids say adults have a lot of respect for them.

Kids aren't immune to the pressures of the world around them, and these pressures seem to mount as kids start to enter the teen years. Unfortunately, half of kids (51%) worry about being victimized by crime, and nearly 60 percent worry about peer pressure to "fit in." More than 40 percent of 12-14-year-olds say they have tried cigarettes or alcohol; one in 10 has tried drugs; and roughly one in six in this age group say they have seen a gun at school.

But it's parents who worry most about horrors such as Littleton and Kosovo. Parents are much more likely than kids to worry about kids' safety in school or their neighborhoods. Nine of 10 kids say they feel safe. When it comes to worries, 9-14-year-olds' list of concerns is topped by "war" at 23 percent and being a victim of a crime at 21 percent.



The State of the Family

The majority of kids today are family focused. Fully three-quarters (76%) would like to spend more, not less, time with their parents. While that desire is stronger among younger kids (86% for those ages 6-8, 78% for 9-11-year-olds), 60 percent of those just entering the teen years (12-14-year-olds) express the same desire.

By about four-to-one, kids 9-14 say it is more important to have a family than a good career, and 75 percent also say they want to have kids of their own.

Parents are by far the most admired people in a kid's life. Asked for the top three people they look up to most, nearly 80 percent named parents, followed by grandparents at 19 percent. Aunts, uncles, cousins and siblings were also among those mentioned most.

Kids also seem to look to parents most for clarification of what's going on around them. Sixty-five percent report that of parents, friends or teachers, parents most influence their opinions on events in the news. Nearly a fourth (23%) named friends, with just 11 percent citing teachers.

Kids' family values extend to sex. Among 12-14-year-olds, 76 percent say it is important to wait until marriage to have sex, with a majority (53%) saying it is "very important." Somewhat curiously, however, parents on average say that 18 is the appropriate age for pre-marital sex, while pre-teens peg that age at 23.

FACToid:

76% OF ALL KIDS WISH THEY COULD SPEND MORE TIME WITH PARENTS, NOT LESS

Kids ages 6-11



FACToid:

FACToid:

4 TO 1: KIDS SAY IT'S MORE IMPORTANT TO HAVE A FAMILY THAN A GOOD CAREER

Kids ages 6-11

CAREER



FAMILY

76% OF KIDS SAY IT'S IMPORTANT TO WAIT UNTIL MARRIAGE TO HAVE SEX



Kids ages 12-14

The State of Our Culture

What effect is society and culture having on kids? They are overwhelmingly confident in their ability to make friends, with 39 percent saying it is very easy to do so and 48 percent calling it pretty easy. But a majority (59%) also worry "a lot" or "some" about fitting in with other kids at school.

Younger kids (ages 6-8) are more likely than older kids (ages 9-11) to say being a good friend and being good at sports makes them fit in. As kids grow older, though, materialism seems to creep in. Early teens (ages 12-14) are more likely to say fitting in involves the right clothes, popularity and being good looking.

Some of the most alarming findings are about drugs, alcohol and tobacco, especially among 12-14-year-olds. More than four in 10 say they have tried a cigarette (44%) or alcohol (42%), and more than one in 10 (11%) say they have used drugs.

Moreover, kids 12-14 are equally divided as to whether their generation will smoke more or less than previous generations (36% more, 35% less, 27% the same), but they do think their own generation will drink more (44% more, 22% less) and use more drugs (39% more, 28% less).

Messages about the dangers of these risky behaviors seem to have an impact on younger kids (ages 9-11). Eighty-nine percent of this age group have never tried a cigarette, 86 percent have not tried alcohol and 99 percent have stayed away from drugs. In this age group, kids see their generation as less likely to practice these risky behaviors than other generations. Among all kids, it seems anti-smoking messages are having greater impact than efforts to keep kids away from drugs and alcohol.

On the positive side, today's kids are growing up with diversity and are comfortable with it. About nine in 10 kids have friends of the opposite gender, a different race and a different religion. In fact, 40 percent of kids ages 9-14 say they are more tolerant than their parents.

Finally, kids are strong in their religious practices. Nearly half (46%) report that they attend religious services every week. Another 11 percent attend services every other week, and 95 percent believe in God.

9 IN 10 KIDS HAVE FRIENDS WHO ARE OF A DIFFERENT GENDER, RACE OR RELIGION

Kids ages 6-11



When it comes to reading, 43% of all kids prefer books, followed by magazines at 33%, comic books at 16% and newspapers at 7%, though kids 12-14 are evenly split on books and magazines.



ONE IN SIX KIDS SAY THEY HAVE SEEN A GUN AT SCHOOL

Kids ages 12-14

The State of the Future

When it comes to the future, kids are more optimistic than their parents are. Among 9-14-year-olds, 40 percent expect life to be easier in the next century, compared to just 21 percent of parents. Half of parents say life will be harder, with 33 percent of kids agreeing. Younger kids (ages 9-11: 45% easier) are more optimistic than older kids (ages 12-14: 35% easier).

Two-thirds of kids believe an African American and a woman will be elected president in their lifetime, but kids remain aware of a racial divide. By 58 percent to 26 percent, they believe we will elect a woman president before an African American.

But, being president is not a job that kids themselves necessarily want. Only 36 percent of all kids ages 9-14 say they would like to be President of the United States.

While plenty of kids would like to be star athletes or famous movie stars, for the most part kids show a strong preference for the helping professions. Nearly 65 percent of kids say it is very important to have a job where they help people, and animal care/veterinarian (35%), medicine (31%), teaching (28%) and law (22%) all rank high on career choices. Among boys, athletics is the top choice (56%), while animal care/veterinarian (46%) ranks first for girls. In fact, just seven percent of kids express an interest in a political career and only eight percent would choose to be a journalist, trailed only by the hotel/travel business (5%) and farming (4%).

FACToid:

FACToid:

FACToid:

The State of Schools and Learning

Being with friends and making new friends is by far what kids like best about school. Twenty-eight percent chose friends, far outranking the next closest choices: recess/lunch/playing (13%) and learning (12%).

A majority of kids (52%) say math is the most useful subject taught at school, with English a distant second at nine percent. Languages and social studies are considered least useful at just three percent each. Nearly 20 percent of kids say schools need to spend more time teaching math. Kids also see the need for more teaching time in: science (14%), history (11%), art (7%) and social studies and spelling tied at five percent. Ten percent say they learn enough about all subjects.

PARENTS ARE MUCH LESS LIKELY TO SAY THEIR KIDS ARE "VERY SAFE" IN THEIR SCHOOLS AND NEIGHBORHOODS



KIDS IN HIGH INCOME BRACKETS ARE MORE THAN TWICE AS LIKELY TO HAVE HOME COMPUTERS THAN KIDS IN THE \$20,000 AND BELOW BRACKET



Kids are impressed with the quality of teachers. Fully 84 percent rate their teachers as "excellent" or "good." The number of those who rate teachers as excellent falls, however, as kids get older. Among 6-8-year-olds, 52 percent rate teachers "excellent" compared to 43 percent of 9-11-year-olds and just 29 percent of 12-14-year-olds.

With events in recent years, schools are not perceived as necessarily a safe haven for kids anymore. While nine of 10 kids say they feel safe at school, 11 percent of 9-14-year-olds say they have seen a gun at school. Twenty-one percent cite violence/being picked on/being beat up or being shot/guns as a top concern at school. However, kids are far more concerned about grades/homework (47%) than about violence.

FACToid:

ASK

In addition to the extensive Nickelodeon/Yankelovich Youth MONITOR™ (1995) conducted bi-annually, Nickelodeon conducts a number of other, more narrowly focused, studies of kids' opinions and attitudes each year using various methodologies. For example, our "Kids Pick The President" poll — which closely resembled the final outcomes of both the 1992 and 1996 elections — was conducted through a variety of methods.

So, what would you like to know about what kids think and feel and how they act? Send us your question(s) on your letterhead,

and we'll attempt to cover your requested topic in one of our next surveys. *INSIDE KIDS* questions or comments should be mailed to:

INSIDE KIDS

NICKELODEON PUBLIC AFFAIRS
1515 Broadway, 38th Floor
New York, NY 10036-8995



1515 Broadway • New York, NY 10036-8995

ABOUT *INSIDE KIDS*

The results published here are from a poll of 1172 kids between the ages of 6 and 14 and 397 parents conducted for Nickelodeon by Penn, Schoen & Berland. Interviews were conducted May 14-June 1, 1999. The sample consisted of 393 6-8-year-olds; 393 9-11-year-olds; 386 12-14-year-olds and 267 parents of kids who were interviewed. The margin of error for the total kids' sample is + or - 3 percent and + or - 5 percent for each of the age and parental subgroups.

Published by Nickelodeon's Public Affairs and Research Departments.

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THE PRESENT HAS SEEN

7-3-99

Handwritten: 413 50808, The he successful for people

Rustin Levenson
13291 Old Cutler Road
Miami, Florida 33156
305-665-4457

Handwritten: Maria/Bored, This is good, Do right, BCL

Handwritten: Copied: Echaveste, Reed, Podesta

June 14, 1999

Dear Bill and Hillary,

Just a note to thank you for the wonderful evening as a prelude to the Wellesley Reunion. It is always special for our class to get together and the White House provided an unforgettable backdrop for us. I'm enclosing a few snaps for you.

I had an opportunity to see you both on Diane Sawyer's program on ABC the next morning on the subject of youth and violence. Since my husband invented the TV Allowance, we have had a unique opportunity to talk to thousands of parents who are concerned about the effects of television on their children. I wanted to share some of our insights with you in the hope that they would be useful.

It is agreed that the violence on television and in video games is gratuitous and reprehensible. What is not always considered is the amount of time children (and parents) spend pursuing these activities. I have come to believe that this presents one of the most serious social problems facing America today. According to a Texas Instruments study, the average third grade child watches television 1170 hours a year. This is significantly more than their 900 hours of third grade class time. Articles on the effects of excessive television time mention lowered grades and reading ability, obesity, increased attention deficit disorders, and social isolation. Researchers at Stanford University and the University of Buffalo have used the TV Allowance in studies of the effect of television time on children. Although the studies are not yet complete, they confirm the observations above.

A few anecdotes from our experience with the TV Allowance are as convincing as the researcher's evidence. A few years ago we were on the Oprah Winfrey Show. Oprah had removed televisions from varied households for six weeks and had the participants report on their TV-free experiences. Universally, families and roommates described increased communication and interaction. Board games were dusted off, reading increased, creative projects were initiated, and people talked to each other.

In addition to violence on television, lack of communication with parents has been cited as a contributing factor to youth violence. There is no question that less television leads to increased family communication.

There are other quotes that stick in my mind from over the years. One fifteen year old girl said,

"I feel better about myself because I can remember what I did yesterday, not just watch TV." Illustrating how deeply TV is part of the household is the mother who queried, completely puzzled, "What will my kids do if they don't watch TV?" My own son, for whom the first TV Allowance was designed using Radio Shack parts and Legos, was at first furious with the limits of the device. However, within months I heard him turn on the TV, flip through the channels, and complain, "This isn't worth my time." What an epiphany for an eight year old!

✧ I feel that the V-chip, though well intentioned, may only give the media license to increase violence, by giving an excuse to abdicate responsibility. As in, "If you don't like our programming, get a V-chip."

Anecdotal experience has been that when TV time is limited, the children's show selections are mainstream, less violent, programs. Many families have reported that when TV time is limited and children are required to choose programming, it is the end of professional wrestling, MTV, and late night shows.

A device that limits TV and Video game time, built into TV sets, would encourage parents to set limits on TV time. I believe that the result would certainly be less violence viewed, along with a bonus of increased family communication, raised self esteem, and positive social and academic achievement for children,. Reducing TV time would seem almost too simple a solution, except over the last eight years, I have seen it work.

~~I hope these insights are helpful to you as you endeavor to resolve the problem of youth and violence. I am a strong believer in the power of the family and I am happy to meet with you to discuss this further.~~

Again, thank you for a memorable reunion, and keep up the good work.

Sincerely,

Rustin Levinson

Levenson
13291 Old Cutler Rd
Miami FL 33156



Bill & Hillary Clinton
The White House
1600 Pennsylvania Ave.
Washington, D.C.

20500/0001



THE PRESIDENT HAS SEEN
7-5-99

THE WHITE HOUSE
WASHINGTON

July 2, 1999

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MEMORANDUM FOR THE PRESIDENT

99 JUL 3 PM 12:13

FROM: GENE SPERLING

SUBJECT: NEC WEEKLY REPORTS

cc: JOHN PODESTA

Y2K Liability Reform: On Thursday, the Conference Committee adjourned to allow for negotiations with the Administration that resulted in little movement on the part of Republicans. After your discussion with Senator Dodd on Tuesday (6/29) he sought to win support from Republicans for a short list of Administration changes. After the House Republicans agreed, the Conference Committee filed its bill without giving Administration staff any opportunity to review the drafted language. The negotiated changes had been translated into legislative language so narrowly as to threaten their effectiveness at providing the sought protections. John Podesta, Larry Stein, David Beier, OMB, and myself concluded that it was not worth blowing the deal up over the subtle differences between the agreement and the Conference Report language. The Conference Report passed the House by a vote of 404-24, with the Democratic leadership and Rep. Conyers arguing that the Administration had obtained improvements. In the Senate, it passed by a vote of 81-18 with the support of Senator Daschle.

Financial Modernization: On Thursday, the House leadership presented its version of H.R. 10, on the House floor which fully satisfies the Administration's concerns on CRA and choice in operating structure for financial conglomerates. The Rules Committee ruled out of order an amendment, by Rep. Barbara Lee, that states that an insurance company may not affiliate with a bank if it has been found (after adjudication) to have violated the Fair Housing Act through redlining or discrimination in homeowner's or mortgage insurance. Most Democrats opposed the rule, which passed by only a slim margin. The House adopted HR 10 by a vote of 343-36. Republicans supported 205-16, Democrats 138-69. Everyone but the Commerce Committee seemed pleased.

Social Security: You should know that on Thursday (7/1) the Senate voted 99-1 to invoke cloture on the motion to proceed to the Thompson emergencies bill on which the Abraham-Domenici lock box amendment is pending (this is the debt limit lock box which caused us such great concerns). Senate Democrats have no objection to proceeding to the bill, but continue to insist on the opportunity to offer amendments to the provision. Nonetheless, the Majority filed cloture on the amendment itself, trying once again to cut off lock box amendments. By consent, the Senate agreed to conduct the vote on cloture on the Abraham-Domenici lock box amendment after recess. We received a great deal of positive press from the new Mid-Session Review Budget numbers and new Social Security framework we announced on Monday (6/28). Throughout the day as well as on Tuesday (6/29) reaction from the press and Hill was generally positive and well balanced. While some Republicans took the opportunity to say that we had moved in their direction with our Social Security lockbox, many said it was a step in the right direction.

✓
Appropriations: You should know that the Senate passed the Treasury/General Government bill by voice vote Thursday (7/1), including a Dewine amendment restoring the FEHB abortion restriction (a motion to table it failed 47-51). The Senate also passed the D.C. bill by voice vote, without adopting the Coverdell amendment prohibiting needle exchange program. Senators Lott and Daschle agreed to attempt during July to restore the prohibition (formerly in Senate rule XVI) on authorizing on an appropriations bill, with a 60 vote waiver of the point of order. The rule they will offer will probably apply only to floor amendments, and thus still allow riders contained in committee-reported bills. The House expects to take up the Interior bill July 13th and 14th. The House and Senate Subcommittees are scheduled to mark up the Labor/HHS/Education bills the week of July 12th. Senate Chairman Specter has said that he intends to produce two bills: one at the low Senate allocation and other at our level (perhaps using a variety of advance funding and other gimmicks).

Oil Antidumping Case: You should know that on Tuesday (6/29) a coalition of small independent oil producers filed antidumping and countervailing duty cases against oil imports from Mexico, Venezuela, Saudi Arabia, and Iraq. The petitioners requested the imposition of dumping duties ranging from 33 percent against Mexico to 170 percent against Venezuela. They also requested the imposition of over six dollars a barrel in countervailing duties. The Department of Commerce has between 20 and 40 days to determine if there is sufficient support in the oil industry for the petitioners to have standing. If they do have standing, Commerce will then initiate an investigation. At this point, the Council of Economic Advisors believes that the case will have limited effect on the price of oil at the pump, due to the ability to substitute target imports with oil from other countries. The trade agencies, however, are concerned about the effect of the case on our trading partners, which have vehemently denied the charge. Mexico, for instance, has announced its intention to withdraw a unilateral plan to eliminate a tariff on the import of natural gas from the United States.

UK Open Skies: To our great disappointment, the UK this week postponed talks scheduled for July 6 on open skies because British Airways (BA) is not prepared to make the concessions (slots at London's Heathrow Airport) required by UK competition authorities for a BA/American Airlines alliance. An open skies agreement is the necessary condition for US (and UK) competition authorities to grant antitrust immunity for such an alliance. Dep. PM Prescott is scheduled to call Secretary Slater this weekend; our sources indicate he will ask for additional time to try to reach a unified UK/BA position. Slater will tell him the talks need to begin this month or it will be impossible to complete them this year. (If this agreement doesn't happen this year, it will not happen until at least 2001, because it would require choices (favoring certain cities over others) that would be difficult in an election year.) This is our highest international aviation priority, because the UK market is so large and our bilateral so very restrictive.

3G: Secretary Daley and Ambassador Barshefsky yesterday sent a strong letter to the EU concerning technical standards for third-generation wireless technology/cell phones (3G). This trade dispute began a year ago when the EU mandated a single 3G standard that would have kept US manufacturers out of its market. Although telecom providers from around the world have now agreed on a plan to harmonize multiple standards, certain EU member countries are still threatening to allocate licenses and spectrum to just the EU-mandated standard. The NEC and USTR coordinate interagency activity on this complex and economically important issue.

7-5-99

199 JUL 2 4:17

THE WHITE HOUSE
WASHINGTON

Copied:
Reed
Podesta

July 2, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: DPC Weekly Report

1. Education -- McKeon Teacher Quality Bill Mark-Up: The House Committee on Education and the Work Force Wednesday approved a Republican teacher quality bill 27-19, with two Democrats (Roemer and Holt) supporting the Republican bill. The bill would authorize \$2 billion for states and school districts to invest in teacher quality and reduce class size, enabling school districts to choose how to allocate funding among a range of possible purposes that include hiring more teachers to reduce class size, hiring special education teachers, providing professional development for current teachers, recruiting new teachers, and taking other steps to improve teacher quality. The bill would not set aside a dedicated funding stream, consistent with last year's budget agreement, to reduce class size in the early grades. The Committee also rejected a Democratic amendment that would have authorized funding for your class size reduction initiative, targeted funding more toward lower-income districts than the Republican bill, and retained authorization for the National Board for Professional Teaching Standards. The Democratic amendment was defeated 23-21.

Secretary Riley sent a letter saying that he would recommend you veto the bill in its current form because it failed to ensure class size reduction, undercut the National Board, didn't target funding sufficiently, and failed to provide adequate support for the implementation of state and local academic standards. The Republican bill could come to the floor of the House the week of July 12. We are concerned that House Democrats are eager to vote for a teacher quality bill, so we are working closely with Gephardt and Clay to underscore the importance of Democratic unity on class size. As a way to attract more Democrats, we may also modify the Democratic substitute to give districts more flexibility in the first few years, so long as they have a plan in place to achieve class size reductions by the out-years.

2. Health Care -- Safeguarding the Rights of Medicare Beneficiaries Losing HMO Coverage: On July 1, managed care plans participating in Medicare+Choice were required to notify the Department of Health and Human Services of their intent to remain in the program and of any changes in the size of their service areas, benefit packages, and cost-sharing charged. Although we are still gathering information, preliminary indications are that the non-renewals will be smaller this year — affecting approximately 300,000 beneficiaries or 4.2 percent of the total number of those enrolled in managed care plans. Your Medicare reform proposal includes several policies designed to ensure that sufficient options remain available to Medicare

Might take hiring new staff to run it

7-5-99

beneficiaries whose managed care plans leave the program, including: giving beneficiaries affected by plan terminations and service area reductions access to all Medigap plans, including those with prescription drugs; expanding the six month open enrollment period for Medigap to new disabled and ESRD beneficiaries; mandating a special one-time additional Medigap open enrollment period for beneficiaries who had no Medicare+Choice option after plan terminations in the fall of 1998; and increasing civil monetary penalties of up to \$50,000 per violation plus \$5,000 per day per violation of the Medigap open enrollment. Although this news is unfortunate, it also serves to underscore the need for more stable Medicare marketplace, which many experts suggest your reform proposal would provide. Ironically, the HMO action may provide additional fuel for your Medicare reform package.

3. Welfare -- Big Cities Show Progress in Transforming Welfare: A new MDRC report finds that four of the nation's largest urban areas are making substantial progress in overhauling their welfare systems. This is the first in a series of reports from the Project on Devolution and Urban Change, which is tracking the impacts of welfare reform in Cuyahoga County, Los Angeles, Miami-Dade and Philadelphia. While this early report focuses on implementation rather than outcomes, it provides encouraging evidence that reform is happening in these large urban areas where many believed it was not possible and without the adverse impacts that some had predicted. Both welfare recipients and agency staff see the new rules as fair and long overdue. The agencies are dramatically shifting their message and their services from issuing welfare checks to promoting employment. They have vastly increased the scope of their employment services compared to the days when a third to a half of the caseload was exempt from work programs -- in LA this has meant doubling the size of the agency's welfare to work staff. The researchers also identify remaining challenges including ensuring that families receive the transitional supports available including child care, food stamps and Medicaid and helping people move up the career ladder. As you know, we have a number of initiatives underway to address these important issues.

cc: HRC

4. Children and Families -- America's Children: Key National Indicators of Well-being: Next Thursday, the Federal Interagency Forum on Child and Family Statistics will release its third annual report on child well-being. Created by your 1996 Executive Order, the report -- *America's Children: Key National Indicators of Well-Being* -- represents a comprehensive look at aspects of child-being, such as family structure, economic security, health status, and education. The 1999 report shows that America's children are on average doing better in several respects. Infant, childhood and adolescent death rates are down, as are teen smoking, teen crime, and teen birth rates. The report also shows that there has been little change in the percentage of children living in poverty, at about 19 percent, which is down since 1993 but roughly the same as it was in 1980. There has, however, been a growing income disparity reflecting a higher proportion of children in extreme poverty as well as in high-income families.

5. Children and Families -- New Child Care Study: On Wednesday, the National Institute of Child Health and Human Development (NICHD) released a study demonstrating that children who attend child care centers that meet professional standards for quality score higher

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on school readiness and language tests and have fewer behavioral problems than their peers in centers that don't meet such standards. This study supports your proposal to invest \$3 billion to improve childcare quality and enforce state quality standards.

✓ 6. **Livability -- Better America Bonds:** On Thursday, Representative Matsui introduced the Administration's Better America Bonds (BABs) legislation. The legislation was introduced with a total of 54 original cosponsors. Despite our efforts no Republicans have signed onto the legislation, although a number have expressed interest. Senator Baucus plans to introduce companion legislation in the next two weeks. We are working with Treasury, the Environmental Protection Agency, and the Vice President to insure that the proposal is included in any Democratic alternative tax bill.

7. **Food Safety -- Egg Safety Steps:** This week Senator Durbin held hearings on ensuring the safety of eggs. In response, the Administration (HHS and USDA) announced three new safety measures. These measures would: (1) implement a federal requirement that all shell eggs offered in retail establishments be refrigerated at 45 degrees or below and require a label on shell eggs to warn the consumer about the risks of uncooked eggs; (2) require storage and distribution locations to abide by the same 45 degree refrigeration requirement; and (3) commit your Council on Food Safety to developing a strategic plan by November 1 to further coordinate our policy and improve the safety of eggs and egg products. FDA estimated that these measures could prevent up to 66,000 illnesses and 40 deaths per year. Despite these important steps, we expect that there will be some continued criticism on egg safety -- they are regulated under a confusing and out-dated web of agency jurisdictions. Therefore, we intend to continue looking for new steps to improve egg safety and better coordinate federal policy. On a positive note, from 1996 to 1998 there was a 44 percent decrease in Salmonella infection rates, according to the Administration's Foodborne Diseases Active Surveillance Network (FoodNet), a collaborative project between the CDC, USDA, and FDA.

8. **Violence—FTC Study:** A few weeks ago, I spoke with Bob Pitofsky, who assured me that the FTC study will be narrowly targeted and not a fishing expedition. He wants to rely on voluntary compliance rather than make use of subpoena power; he is asking only for advertising strategy documents over the last three years; and his inquiry is limited to the three trade associations (motion picture, recording, and videogames), not the companies themselves. Pitofsky gave a speech in Nashville this week reiterating these points, and saying that the FTC will make no judgments about content. Today I met with Jack Valenti, who said that while many in the industry are still upset, he is feeling better about the study's direction. He was grateful for our help during the House debate in defeating anti-cultural Republican amendments. We agreed to work together to try to keep those amendments off the bill in conference, if Congress ever lets this bill go to conference. (As you know, you sent a letter this week challenging Lott and Hastert to appoint conferees. Lott said yesterday that he intends to appoint them in mid-July.)

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beneficiaries whose managed care plans leave the program, including: giving beneficiaries affected by plan terminations and service area reductions access to all Medigap plans, including those with prescription drugs; expanding the six month open enrollment period for Medigap to new disabled and ESRD beneficiaries; mandating a special one-time additional Medigap open enrollment period for beneficiaries who had no Medicare+Choice option after plan terminations in the fall of 1998; and increasing civil monetary penalties of up to \$50,000 per violation plus \$5,000 per day per violation of the Medigap open enrollment. Although this news is unfortunate, it also serves to underscore the need for more stable Medicare marketplace, which many experts suggest your reform proposal would provide. Ironically, the HMO action may provide additional fuel for your Medicare reform package.

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

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July 2, 1999

MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

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

SUBJECT: CEQ WEEKLY REPORT

BUDGET

Interior Appropriations

The House Appropriations Committee approved the House Interior bill this week, following last week's action in the Senate. While the Senate version is full of highly objectionable anti-environmental riders, the House bill is relatively free of riders. However, both bills drastically slash the Administration's proposed increases for the Land and Water Conservation Fund (LWCF) and other components of your Lands Legacy initiative. Specifically, the bills cut funding for the California Desert, the Northern Forest, and Baca Ranch.

These cuts likely are due to a combination of factors including the severity of the budget caps, a belief that the Administration will work to add this funding to the final budget, and in some cases, a desire to keep the Administration from achieving a win on this issue. We continue to work with Legislative Affairs and OMB to craft a strategy to oppose these provisions. It will be important to convince Congress of your commitment to obtain full funding for this initiative.

PROTECTING COMMUNITIES FROM TOXICS

Appeal of Ruling On Air Pollution Regulations

On Monday, the Department of Justice (DOJ) appealed a recent decision by the U.S. Court of Appeals for the District of Columbia to overturn the Environmental Protection Agency's (EPA) federal air pollution regulations for smog and soot. DOJ argued that the court erred in its ruling that the EPA lacks authority to implement and revise the standards. The court's May 14 decision was one of the most controversial environmental decisions to date. If it stands, it will have sweeping impacts on the Clean Air Act, other EPA programs, and human health and safety.

*Against
the riders*

Nuclear Waste Disposal

The Senate Energy Committee has reported Senator Murkowski's bill on nuclear waste disposal, and it may move to the Senate floor relatively quickly. While the bill eliminates one of the Administration's major objections to past interim storage legislation, it retains other objectionable provisions. On the positive side, the bill eliminates the requirement for interim storage in Nevada in favor of authorizing the Secretary to take title to waste on site at the reactors. However, it also eliminates EPA's authority to set radiation emission standards for Yucca Mountain and gives that authority to the Nuclear Regulatory Commission under conditions that ensure that a standard less stringent than EPA's will result.

There also are concerns about lack of environmental review of certain decisions including those related to transportation of waste, and of budgetary impacts of the bill. We will be working with the agencies and other White House offices to provide you with a more detailed background memo shortly. In the coming weeks, it is likely that we will need to inform Congress of your position on veto on relatively short notice.

RESOURCE STEWARDSHIP

Everglades Restoration

Yesterday, the Vice President presented to Congress our \$7.8 billion plan to restore the Florida Everglades. This plan, produced in cooperation with the state of Florida, was announced at a Capitol Hill press conference. The Vice President was joined by a large bipartisan group of Members, including most of the Florida delegation and representatives from the Florida legislature. The plan -- which has the support of environmental, agricultural and scientific communities -- has received a considerable amount of positive press.



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

THE PRESIDENT HAS SEEN
7-5-99

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July 2, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE *A. Bienenstock for N.L.*
CC: JOHN PODESTA
SUBJECT: OSTP WEEKLY REPORT

McCain to Introduce Legislation Authorizing IT²

Senator McCain, Chairman of the Senate Commerce, Science & Transportation Committee, is expected to introduce legislation early next week that will authorize funding for your Information Technology Initiative (IT²). McCain's legislation is expected to authorize funding for DOE, a crucial element of your initiative that was neglected by the House Science Committee's legislation. I will provide testimony before the House Science Committee on July 14.

Your announcement of an even larger budget surplus will make it easier for the Administration to advocate doubling the federal investment in information technologies over the next five years – something your Information Technology Advisory Committee recommended, and what both the House and Senate IT bills now advocate.

Rudman Testifies Before House Science Committee

On Tuesday (6/29) Warren Rudman testified before the House Science Committee regarding the PFIAB report on security problems at the DOE weapons labs. Senator Rudman testified that PFIAB took great pains to ensure that its recommendations would not hurt the science being conducted at the labs. Rudman told the Committee that nothing in the report is intended to question the type of scientific work being performed at the labs. He also stated that he was opposed to a ban on foreign visitors to the labs, saying that it would be tragic if we clamped down so hard on DOE that we stopped the flow of world-class scientists to the labs. Such an outcome, he stated, would do irreparable harm to U.S. interests. Preserving high quality science should be a major consideration in any steps the Administration takes to reorganize DOE.

Funding Cuts Imperil GPS Modernization

The Vice President announced a GPS modernization initiative in January that would fulfill the goals of your 1996 policy directive. The initiative would upgrade GPS to meet the increasingly stringent requirements of U.S. and allied military forces, as well as growing demands from civil users worldwide. However, the Transportation Appropriations bill that was recently passed by

the House cuts the \$17 million in funding that would have been used to modernize GPS for the civil portion of the modernization initiative. A similar cut is included in the Senate version of the bill, which may go to a floor vote in early July. Without DOT funding for the civil enhancements, the cost of the planned military enhancements will increase significantly. Perhaps more importantly, given the European Union's recent push to develop its own satellite navigation system, we could weaken our future leadership position in the multi-billion dollar market for civil GPS equipment and services. My staff is working closely with OVP, OMB, DOT, and DoD to restore funding in the bill.

Meetings with British Scientific Leaders

This week I traveled to London to meet with top officials in the Ministry of Defense and the Defense Evaluation and Research Agency (DERA) to discuss our mutual concerns about the shrinking budgetary support for the basic research that underpins national security goals. They assured me that the recent privatization of DERA would not undermine our very valuable bilateral cooperation in defense R&D. I also met with members of the British Parliament to discuss the growing importance of science in policy, including the controversy surrounding genetically modified foods. At the Wellcome Trust Genome Campus in Cambridge, we discussed their participation in the MOU with Celera, a company that is attempting to increase the pace of genome sequencing dramatically. On Wednesday I delivered the annual Zuckerman Lecture at U.K.'s Royal Society. Finally, I attended Ambassador Lader's 4th of July celebration – a special treat after two weeks on the road.

New Study of Climate Change Impacts on New York City

A new report released this week by the Environmental Defense Fund describes the potential impacts of climate change on New York City in the next century. In the report's "best case" scenario, New York City will have as many hot (90 degree +) days each year as does Miami; in the worst case, as many hot days as does Houston. This would amount to a change from the current 13 days per year with temperatures over 90 degrees to 27 - 80 such days per year in the 2090's. New York City will also be increasingly vulnerable to damaging "storm surges." Powerful "nor'easters" like the one that flooded subways and battered coastal beaches and residents in 1992 now occur about once in every 40 years. If climate change continues unabated, flooding of that magnitude would occur much more often--as frequently as every 4 years in the worst case scenario. Our first National Assessment of Climate Change, which is now underway, will examine the vulnerability of many other regions of the United States.

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THE WHITE HOUSE

WASHINGTON

July 2, 1999

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MEMORANDUM FOR THE PRESIDENT

FROM:

LARRY STEIN *JS*

SUBJECT:

LEGISLATIVE WEEKLY REPORT

Conference Report

- **Y2K :** On Thursday, the House passed (404-24) and the Senate approved (81-18) the conference report on H.R. 775, the Year 2000 Readiness and Responsibility Act. After lengthy negotiations, White House staff and the bill's sponsors agreed to a list of changes to the bill that, if made, would lead to a recommendation that you sign the bill. The changes that were agreed to in concept were not drafted to conform completely with our understanding of the agreement. However, the changes that were made ensure that the plaintiff will be made whole for damages suffered even if a partially responsible defendant is judgment-proof; exempts securities litigation from most provisions of the bill; fixes objectionable provisions that would have limited regulatory penalties if the reason for non-compliance with a federal regulation was related to a Y2K failure; and prevents the enforcement of unconscionable contract damage limitations. Sen. Daschle (D-SD) and Reps. Gephardt (D-MO) and Conyers (D-MI) voted in support of the conference report.

House of Representatives

- **Financial Services Overhaul:** The House passed (343-86) H.R. 10, a bill which: allows affiliations among banks, securities firms, and insurance companies; preserves the relevance of the Community Reinvestment Act by requiring that banks have and maintain a satisfactory CRA record; and upholds a bipartisan compromise allowing financial services firms to conduct financial activities in the structure of subsidiaries or affiliates of banks, that best serve their customers. Despite Democratic efforts to defeat the rule governing debate, the rule passed (227-203). Democrats were concerned with the omission of several key amendments including: a Lee (D-CA) amendment which would prohibit insurers from "redlining," and a Markey (D-MA) amendment which would have allowed customers to prevent financial firms from sharing personal information inside and outside the company.
- **Interstate Abortion Consent:** The House passed (270-159) H.R. 1218, the Child Custody Protection Act, which imposes stiff penalties on adults who help minors cross state lines to obtain an abortion and avoid parental consent laws in their home states. Senior Advisors recommend that you veto the bill due to: the failure to address the exclusion of close family

members from criminal and civil liability; the failure to ensure that persons who only provide information, counseling, referral, or medical services to the minor cannot be subject to liability; and the concern that the bill raises federalism issues such as the rights of States to regulate matters within their own boundaries. In comparison to the passage of the same bill last year (276-150), this year there were nine additional votes in opposition to the bill.

- **Defense Authorization:** The House passed by voice vote a motion to appoint conferees to H.R. 1401, the Defense Authorization bill. In addition, the House passed (261-162) a Skelton (D-MO) motion to instruct the conferees to commend all those involved in our nation's successful efforts in Kosovo. During debate, Republicans sharply criticized the Administration's leadership of Operation Allied Force.
- **Other Legislation:** This week, the House also took the following action: rejected (275-140) H. Con. Res. 94, sponsored by Rep. Chenoweth (R-ID), recognizing the public need for reconciliation and healing, urging the United States to unite in seeking God, and recommending that the nation's leaders call for days of prayer (under special rules governing the bill, two-thirds was required to pass the bill); passed (421-0) H.R. 2280, the Veterans' Benefits Improvement Act, providing a cost-of-living adjustment for compensation for veterans with service-connected disabilities; and passed (voice vote) H.R. 2014, which prohibits a state from imposing a discriminatory commuter tax on nonresidents.

The Week Ahead

- **House Schedule:** The House will be in recess next week for an Independence Day district work period. The House will reconvene on Monday, July 12 for legislative business.

United States Senate

- **Foreign Operations Appropriations:** On Wednesday, the Senate passed (97-2), S. 1234, the Foreign Operations Appropriations bill for FY 2000. The committee-reported bill was considerably below your request and contained a number of objectionable provisions; if it were presented to you, your Senior Advisors would recommend that you veto it. During consideration of the bill, the Senate: tabled (55-43) a Dodd (D-CT) amendment to terminate prohibitions and restrictions on travel to Cuba; and adopted (53-45) a McConnell (R-KY) second degree amendment authorizing broad aid to Central Asia and the Southern Caucasuses, but which does not provide Presidential waiver authority to remove restrictions against aid to Azerbaijan.
- **Social Security "Lockbox":** On Thursday, the Senate invoked cloture (91-1) on the motion to proceed to S. 557, the Domenici-Abraham Social Security "lockbox" legislation; Sen. Roth (R-DE) voted against the motion.

- **Treasury/General Government Appropriations:** On Thursday, the Senate passed by voice vote S. 1282, the FY 2000 Treasury/General Government appropriations bill. According to preliminary OMB estimates, the \$13.6 billion bill is about \$169 million over last year's level, but about \$358 million below your request. During consideration of the bill, the Senate adopted by voice vote a DeWine (R-OH) amendment barring FEHBP abortion coverage except in cases of rape, incest or where the life of the mother is endangered (motion to table failed 47-51); the Senate tabled (58-40) a Lautenberg (D-NJ) amendment to add discouragement of underage alcohol consumption to ONDCP's anti-drug media campaign; and adopted a Jeffords (R-VT) amendment relating to child care in federal buildings. There was no veto threat on the committee-reported bill although the Administration has concerns about a number of issues in the bill, including language related to the enforcement of certain anti-terrorism judgments.
- **District of Columbia Appropriations:** On Thursday, the Senate passed by voice vote S. 1283, the FY 2000 District of Columbia appropriations bill. The Administration expressed concern about a number of provisions in the bill as "unwarranted intrusions" into the District's affairs. The Administration stated that if a bill both prohibiting funds for needle exchanges and establishing private school vouchers in the District were presented to you, your Senior Advisors would recommend a veto. The Senate-passed measure contains neither provision.
- **Confirmation of Lawrence Summers:** On Thursday, the Senate confirmed (97-2) Lawrence Summers, of Maryland, to be the Secretary of the Treasury. Sens. Smith (R-NH) and Allard (R-CO) voted against the confirmation.

Week Ahead

- The Senate will stand in recess until Monday, July 12. When the Senate reconvenes, it will proceed to consideration of Patients' Bill of Rights legislation offered by the Majority Leader under a unanimous consent agreement. The Senate will conduct three hours of opening statements, consider amendments throughout the week, and vote on final passage at the close of business on Thursday, July 15. Time for debate of amendments will be limited to 100 minutes per amendment, amendments will alternate from side to side, only one second-degree amendment will be in order per side per first-degree amendment, and the Majority Leader will get to offer the last amendment without any second-degree amendment. The likely result is that the Senate will, by mid-July, pass a least-common-denominator bill -- the least patient protections necessary to maintain a Republican-dominated majority in favor of passage. In addition, the Domenici-Abraham Social Security "lockbox" legislation will also be considered following the recess.

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

THE PRESIDENT HAS SEEN
7-5-99

THE WHITE HOUSE
WASHINGTON

July 2, 1999

Copied:
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Podesta

MEMORANDUM FOR THE PRESIDENT

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

SUBJECT: Summary of Cabinet Weekly Reports
June 26 – July 2, 1999

DEPARTMENT OF TREASURY

- **Summers Confirmation:** By a 97-2 vote on July 1, the Senate confirmed Deputy Secretary Summers to succeed Secretary Rubin. On June 29, Under Secretary of State Eizenstat testified before the Senate Finance Committee on his nomination to be Deputy Secretary of the Treasury, and was voted out of Committee the same day.
- **Ukraine:** On June 30, International Monetary Fund U.S. Executive Director Lissakers and the Executive Board voted to approve disbursement of the \$130 million June tranche of Ukraine's three-year IMF program. Though its economic situation remains fragile, Ukraine was able to meet IMF performance targets as of the end of May. The Executive Board also encouraged Ukraine to conclude its ongoing negotiations with private creditors on a voluntary rescheduling.
- **Electronic Money Program:** Treasury's Financial Management Service conducted a site visit to Bosnia to review whether stored value cards (money cards) could be used to eliminate cash during military deployments. Agreement was reached with the local commander in Bosnia and with European commanders in Germany to test an electronic money program at one American base in Bosnia. Further discussions about regional implementation of an electronic money program are ongoing with DOD. Treasury and DOD have been working together on the use of stored value cards on military bases for past several years, and have established several pilot programs.
- **Financial Modernization:** On July 1, the full House considered the primary financial modernization legislation. Treasury has been working to maintain language supporting the right of financial institutions to maintain operating subsidiaries, to protect the Community Reinvestment Act (CRA), and to maintain appropriate levels of consumer protection.

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- **New Markets:** Senior Treasury officials will travel separately to amplify the themes of the New Market initiative. Tentatively, Treasury is developing events in Boston, Chicago, Dallas, New York, and Philadelphia, which all either have significant BusinessLINC business mentoring and development programs, or active community development financial institutions.

DEPARTMENT OF JUSTICE

- **Supreme Court Disabilities Decision:** On June 22, the Supreme Court affirmed a Tenth Circuit decision and rejected the argument that DOJ had put forth as *amicus curiae* in a case under the Americans with Disabilities Act (ADA). The Court held 7-2 that the determination whether an individual is disabled within the meaning of the ADA "should be made with reference to measures that mitigate the individual's impairment, including, in this instance, eyeglasses and contact lenses."
- **Interagency Task Force on Victims of Terrorism Abroad:** On June 30, the Office for Victims of Crime convened the first meeting of the Interagency Task Force on Victims of Terrorism Abroad. The task force has been formed by the Attorney General to develop a protocol and resource manual on assisting victims of terrorism abroad. The embassy bombings in East Africa emphasized the need for a protocol to ensure coordinated, efficient, and sensitive intergovernmental response to U.S. citizens and employees who are victims of terrorism in other countries.
- **Juvenile Violence Research Report:** In July, the Office of Juvenile Justice and Delinquency Prevention (OJJDP) will release its *Report to Congress on Juvenile Violence Research*. This Report summarizes four studies initiated in 1992, at the instruction of Congress, on the causes and correlates of serious and violent juvenile offending. The report finds that girls are becoming more involved in violent behavior; that in poor neighborhoods, a small group of offenders is responsible for a large percentage of violent crime, but that the majority of youth in these neighborhoods are not violent offenders; that firearms were involved in at least 80 percent of violent incidents reported to police; that guns are fairly accessible to youth in both rural and urban areas, but that not all juvenile gun owners are equally dangerous; that gang members have higher rates of delinquency than non-gang members; and that violence frequently occurs in unsupervised groups of adolescents.
- **State Criminal Alien Assistance Grants:** In early to mid-July, the Bureau of Justice Assistance will award grants totaling \$585 million to about 330 jurisdictions under the State Criminal Alien Assistance Program. The program reimburses states and local jurisdictions for part of the cost of detaining criminal aliens.

- **Inmate Mental Health Publication:** On July 22, the Bureau of Justice Statistics is expected to release *Mental Health Needs and Treatment of Inmates and Probationers*, in conjunction with an Office of Justice Programs' conference on mental health and crime. The report presents survey data on offenders in prison, in jail, or on probation, and who reported prior treatment for a mental or emotional problem. The report also includes characteristics of mentally impaired offenders, including sex, age, race, and Hispanic origin; provides data on current offense, criminal history, and substance abuse; and describes mental health treatment since admission to jail or prison.

DEPARTMENT OF INTERIOR

- **CA Offshore Oil Lease:** MMS has extended for 45 days its suspension of operations on 40 undeveloped oil leases offshore of Ventura, Santa Barbara, and San Luis Obispo Counties to allow more time to evaluate individual operator requests for longer term suspensions. MMS had planned to make decisions on the requests by June 30, the date the current suspensions end, but the complexity of the operators' requests requires more time for MMS to ensure that the requests meet the due diligence requirements of the law.
- **CA Sea Otter Population Decline:** The 1999 spring surveys of CA sea otters show that adult and subadult groups declined nearly five percent, from spring 1998 to spring 1999. This annual survey is done in cooperation with the CA Department of Fish and Game and the Monterey Bay Aquarium and is used by federal and state wildlife agencies in making important decisions about the management of sea otters.
- **TX Gas Pipeline Right-of-Way:** The TN Gas Pipeline Company has applied for a right-of-way for a 24-inch diameter pipeline to cross about 0.9 miles of the Lower Rio Grande Valley National Wildlife Refuge near Alamo, TX. This refuge provides wintering and stopover habitat for literally millions of birds en route to Central and Latin America. The refuge manager has determined that although the project will affect habitat essential to fulfilling the purposes of the refuge, the habitat loss and alteration can be mitigated, allowing the project to proceed. However, because a 60-day Congressional notification period is required for pipelines 24 inch in diameter or greater, and the 60-day requirement will not allow the project to proceed prior to the beginning of the fall bird migration, the project will likely be delayed until summer of 2000.
- **Grand Staircase Final Management Plan/EIS:** At the end of July, BLM plans to publish the final management plan and EIS for the Grand Staircase-Escalante National Monument in UT. The management plan will select a slightly modified version of the "preferred" plan published in November 1998. The preferred alternative emphasized conservation of the Monument as an unspoiled natural area, while recognizing its value as a resource for scientific research.

7-5-99

- **Lands Legacy Initiative/LWCF:** Senate appropriators did not support funding for major portions of the Lands Legacy Initiative. The Subcommittee provided only \$179.5 million of the \$579 million requested for this initiative. Land acquisition was cut by \$137 million from the request and included 25 unrequested Congressional add-ons, totaling approximately \$29 million. The Senate did not provide any funding for LWCF grants and it provided only ten percent of the requested increase for the Cooperative Endangered Species Conservation Fund. The Urban Parks and Recreation Program was not funded.
- **Bureau of Indian Affairs (BIA):** The Senate provided fixed costs for the BIA, and provided \$10 million of the \$20 million increase requested for the second year of the Presidential Initiative on Law Enforcement in Indian Country. The Senate provides full funding for replacement of one and partial funding for two others. The school bonding initiative is not funded. Overall education funding is insufficient to provide for increasing student populations and to ensure accreditation.

DEPARTMENT OF AGRICULTURE

- **USDA Loan Funds:** On June 30, USDA reallocated balances in its FY99 farm lending accounts to provide an additional \$300 million in guaranteed farm operating financing, and \$33 million more in emergency loans in response to this year's extremely heavy demand for USDA farm financing.
- **U.S.-EU Food Trade Frictions:** On June 29, Secretary Glickman returned from two days of meetings with his French counterpart on how to resolve U.S.-EU agriculture-related trade frictions, particularly those concerning the sale of genetically modified organisms and the EU beef hormone ban. During the meetings, agreement was reached to establish a U.S.-French working group of agricultural officials to address these and related international food safety issues.
- **Food Stamp 1998 Error Rates:** On June 28, USDA notified 22 States they face sanctions due to unacceptably high food stamp payment error rates. MI had the nation's highest error rate, over 17 percent, and now faces a sanction of nearly \$27 million. Five States -- TX, MN, HI, SD and WY -- are celebrating low error rates and will receive enhanced funding. TX was awarded nearly \$20 million in enhanced funding at a ceremony in Houston. For 1998, the national overpayment error rate -- for errors that led to more benefits being paid to recipients than they were entitled to receive--was 7.63 percent. The national underissuance rate, for errors that resulted in fewer benefits being paid to recipients than they were entitled to receive, was 3.07 percent, the highest ever.

- **Vietnam Wheat Donation:** On June 22, USDA signed an agreement to donate 25,000 metric tons of wheat to the Government of Vietnam -- the largest U.S. government-to-government agreement with the Government of Vietnam since the end of the Vietnam War.
- **Commodity Price:** Cash wheat prices dropped on harvest progress early in the week, but futures ended up on winter wheat quality concerns. Favorable growing conditions sent corn and soybean prices down. Rice cash prices were unchanged, but futures moved lower on favorable growing conditions for the 1999 crop. The generally good condition of the U.S. cotton crop led to price declines; nonetheless, low prices are beginning to attract buyers. Declining cutout values sent cattle prices lower. Hogs and broilers moved up, however, as increased featuring is expected following July 4. Seasonal declines in production boosted cheese prices. Ample butter stocks helped send prices down slightly in the face of good demand for cream.
- **Egg Safety:** USDA is working to prepare public information materials supporting your planned announcement of new egg safety initiatives on egg temperatures at retail; temperature requirements in transportation and storage; and the egg repackaging restrictions.
- **1997 Food Cost Review:** On July 12, USDA's Economic Research Service (ERS) will release its most recent survey of food prices, that as measured by the Consumer Price Index (CPI), increased 2.6 percent in 1997, greater than the overall increase in the CPI for the third consecutive year, primarily due to higher charges for processing and distributing food. The report will also show that the prices farmers received for commodities, as measured by the farm value of USDA's market basket of foods, dropped 4.4 percent, and that the farm value share of the food dollar spent in grocery stores in 1997 was 23 percent, a decrease of 2 percent from 1996.

DEPARTMENT OF COMMERCE

- **Information Technology Workforce:** On June 30, Secretary Daley released the Technology Administration's new report on developing an information technology workforce. The report, "The Digital Work Force: Building Infotech Skills at the Speed of Innovation," is an update of the 1997 "America's New Deficit" report and contains new data, information gleaned from regional town meetings, and suggested recommendations.
- **Digital Divide Report:** The National Telecommunications and Information Administration (NTIA) and the Census Bureau have conducted an expanded, updated survey of American households regarding their level of connectivity to telephones, computers, and the Internet. An initial review of the data reveals that the "digital divide" persists in America -- that we still have underserved communities that are being left

behind in the digital economy. The report will make recommendations regarding ways to close the divide, and is scheduled for release on July 8 at a Presidential event in California and a companion event at the New York Public Library.

- **Economic Sanctions on Serbia:** USG officials are discussing a formal exemption for Kosovo from the current economic sanctions on Serbia. As NATO troops replace Serbian Army units in the province and pave the way for the return of Kosovar refugees, the USG wants to facilitate humanitarian and infrastructure building exports to Kosovo. Currently, the Export Administration Regulations require export licenses for all shipments.
- **FCC Rulemaking to Protect Global Positioning System (GPS):** The National Telecommunications and Information Administration (NTIA) filed comments during the week of June 21 in two related FCC proceedings regarding protection of GPS from out-of-band emissions of the mobile satellite service. Both of these filings were coordinated with affected Federal agencies through the Interdepartment Radio Advisory Committee.
- **Broadband Availability in Rural Areas:** National Telecommunications and Information Administration (NTIA) Assistant Secretary Larry Irving and USDA Rural Utility Service Administrator Wally Beyer jointly responded this week to an inquiry from 10 Democratic Senators from rural states who have requested a DOC/USDA study of the availability of advanced telecommunications capability to all Americans. The Senators had asked that the study focus on rural and high-cost areas, and provide recommendations to ensure ubiquitous deployment of advanced telecommunications.

DEPARTMENT OF LABOR

- **Metalworking Industry:** The strike by United Steelworkers Union local 8888 against Newport News Shipbuilding and Repair which began on April 5 is in a stalemate. Various estimates from 30 percent to 50 percent of the 9,200 workers eligible to strike have crossed picket lines and returned to work.
- **Ergonomics:** OSHA anticipates sending the draft of its Proposed Ergonomics Program Standard to OMB for review and comment on July 1.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **Diabetes Statistics:** During the week of June 21, HHS issued a press release announcing statistics on diabetes: More Americans than ever before are suffering from diabetes, with the number of new cases averaging 798,000 each year. The disease has steadily increased in the U.S. since 1980, and today almost 16 million Americans have diabetes, a third of

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them undiagnosed. Diabetes is the seventh leading cause of death in the U.S., and more than 187,000 died from the disease and its related complications in 1995.

- **President's Council on Food Safety:** On July 15, HHS, USDA, and EPA will hold a public meeting in Washington, DC, to solicit input on a comprehensive national food safety strategic plan. Secretary Shalala will keynote the event. Secretary Glickman and OSTP Director Neal Lane are scheduled to attend. Your Council on Food Safety is responsible for the development of a five-year comprehensive strategic plan for national food safety.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Homebuyer Protection Initiative:** Secretary Cuomo was interviewed on *NBC's Dateline* news show about HUD's Homebuyer Protection Initiative. The initiative will improve home appraisals for the more than one million families who buy homes each year with mortgages insured by the Federal Housing Administration (FHA). The new plan will give homebuyers using FHA-insured mortgages a higher level of protection against appraisals that fail to uncover the need for major repairs in homes up for sale.
- **Homeownership Grants:** Secretary Cuomo announced \$20 million in grants for the Self-Help Homeownership Opportunity Program (SHOP), which will enable nearly 2,000 low-income families willing to help build or rehabilitate homes with their own hands to get the opportunity to buy the homes at reduced cost.
- **"Officer Next Door":** During the past week, HUD closed 12 deals on HUD-held properties to police officers under the "Officer Next Door" program. These additions bring the total number of closings to 2,642. This program is an anti-crime and community revitalization initiative that enables police officers to purchase HUD homes at a 50 percent discount.

DEPARTMENT OF TRANSPORTATION

- **Mississippi Delta:** On June 22, Secretary Slater hosted a meeting to engage Cabinet agencies in fulfilling your commitment to the Mississippi Delta Region. Next steps include the formation of an interagency working group and signing of an memorandum of understanding (MOU), and the development of a final report on the Mississippi Delta Region with new recommendations for action. It is anticipated that a conference will be held by year end to develop these issues further.
- **Cuban Migrant Case in Miami:** On June 29, two Coast Guard utility boats and two local law enforcement small boats responded to a report of a boat off Miami Beach with six Cuban migrants on board. The Coast Guard ordered the migrants to stop and they

*Miss
Gortalez to me*

refused. The law enforcement boats formed a blockade, and the migrants jumped overboard to reach the beach. Two were apprehended when they made it ashore and four were apprehended at sea. Video footage shows that Coast Guard personnel on scene may have used pepper spray to subdue the migrants. After the migrants were interdicted, demonstrations erupted from the town of Surfside to the Miami Beach Coast Guard station, where about 1,000 protesters forced authorities to shut down the MacArthur Causeway. As with any use of force incident in the Coast Guard, all circumstances surrounding this incident will be investigated.

- **FAA Reauthorization:** Secretary Slater has scheduled a number of meetings with key senators to discuss the urgency of moving an FAA reauthorization bill to the Senate floor as soon as possible. Meetings have been scheduled with Senators Shelby, Stevens, Domenici, Gorton, Hollings, and Rockefeller. DOT's message includes a reiteration that if the off-budget provisions are included in the final bill, he would recommend that the President veto the legislation.
- **Satellite Media Tour to Address Impaired Driving:** On July 30, as part of a national effort to prevent impaired driving over the July Fourth weekend, NHTSA Administrator Martinez will conduct a national radio and television satellite media tour to discuss the need for heightened awareness of the dangers of drinking and driving during the summer holidays. Dr. Martinez will also discuss how Operation C.A.R.E., an organization comprised of State Police and Highway patrol agencies in all 50 states, will be strictly enforcing traffic laws in their communities this Fourth of July weekend.
- **Woodrow Wilson Bridge:** On June 30, DOT met with the private party intervenors in a further attempt to settle the lawsuit they have brought to forestall construction of a replacement for the aging Woodrow Wilson Bridge.
- **Grand Canyon National Park:** On June 18, OMB cleared two related NPRMs to further the Congressional directive to restore natural quiet at the Grand Canyon. The rulemakings would realign the routes for air tours and, most importantly, impose a freeze on any growth in the number of air tour operations.
- **Air Carrier Access Act (ACAA) Investigation:** The Aviation Enforcement Office has instituted investigations of USAirways, Northwest, United, American and Delta Airlines regarding ACAA compliance. Informal complaints received by DOT from disabled travelers appear to indicate a possible problem in providing assistance and services to passengers using wheelchairs. A separate investigation against Continental Airlines for similar problems should be concluded in the coming weeks.

- **NAFTA Implementation:** On June 29, DOT officials met with Mexican counterparts in San Diego to review progress in resolving safety concerns involving Mexican commercial vehicles that may enter the U.S. once NAFTA's access provisions are implemented. The U.S. has insisted on these safety issues being resolved prior to implementation. Programs have been established and resources committed for resolving all outstanding issues by November.
- **Airline Financial Results:** The U.S. passenger and all-cargo major airlines reported an operating profit of \$1.2 billion and a net income of \$643 million for the first quarter of 1999. The ten major passenger airlines reported a combined operating profit of \$966 million and a net income of \$568 million, while the three major all-cargo airlines reported a combined operating profit of \$214 million and a net income of \$74 million.

DEPARTMENT OF ENERGY

- **Interagency Agreement for the Commercial Light Water Reactor (CLWR) Production of Tritium:** DOE and the Tennessee Valley Authority (TVA) are expected to announce the signing of a comprehensive interagency agreement. The agreement governs TVA's irradiation of tritium producing components and DOE's payments to TVA for these services under the terms of the Economy Act. It will assure that adequate supplies of tritium will be produced to meet the nation's defense needs. Completion of the agreement and a signing ceremony with the Secretary and the Chairman of TVA is expected in July.
- **U.S.-Canada Agreement for Cooperation:** The Protocol for a 30-year extension of the U.S.-Canada Agreement for Cooperation which provides the umbrella agreement for peaceful nuclear cooperation has been forwarded to you with the recommendation from the Secretaries of Energy and State that it be signed.
- **Gasoline Prices Mixed, Stocks Down:** Petroleum spot and futures prices cycled higher and then lower as an expected overall stock draw for the week ended June 11 failed to materialize. A subsequent upward turn in markets prompted by expiring crude oil options collapsed under a perception of oversupply. The New York Harbor spot price for conventional regular gasoline was 47.85 cents per gallon June 21, down 1.73 cents. (The spot price for West Texas Intermediate crude oil at Cushing OK went from \$18.24 per barrel to \$17.79 per barrel over this period.) The spot price for California-grade products dropped back to a position last seen two weeks ago; however, a pipeline rupture continued to impact prices in the Northwest.

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DEPARTMENT OF EDUCATION

- Ending Social Promotion Report:** On July 1, Secretary Riley announced the release of *Taking Responsibility for Ending Social Promotion: A Guide for Educators and State and Local Leaders*. NY City Schools Chancellor Rudy Crew and officials from other school districts are expected to join the Secretary for the event. The guide offers promising examples and resources to help children meet high standards and to end the practice of social promotion.
- NY Class Size:** On June 18, Judith Johnson, Acting Assistant Secretary for Elementary and Secondary Education, sent a letter to the NY state department of education advising that actions by the NY legislature may raise a serious issue under the Federal Class Size Reduction statute. Although legislators have not finalized the NY budget, there have been reports that NY may shift \$75 million in funds originally targeted for a statewide class-size reduction proposal. If DOEd determines that NY is dropping the state funding because of expected grants from the Federal program to reduce class size, NY would be ineligible for the Federal money.
- Prop 209:** On June 30, CA released the results of the Stanford 9 test, which may provide support for backers of Prop 209, the state's English-only initiative. In earlier releases of students' test scores from CA's cities, there was significant improvement, especially among non-English speakers. While opponents of bilingual education have interpreted the scores as a vindication of English-only teaching, there are other explanations for the increase. Test experts say that scores may have risen this year, the second year of the Stanford 9 tests, because teachers can better prepare their students for the tests. And some educators have suggested that other reforms, such as smaller class sizes and the new mandatory three-hour literacy block, may have boosted scores in the early grades.
- FL Voucher Plan:** According to FL education officials, seventy-eight of the state's schools deserve a grade of F. On June 23, as part of Gov. Bush's A-Plus Plan for Education, the FL department of education announced grades for each of the state's schools. Most of the F-graded schools are in high-poverty neighborhoods with many residents whose first language is not English. If these schools receive another F within four years, students could receive vouchers of up to \$4,000 to transfer to public, private, and religious schools. A coalition of teacher unions, public school advocates, and civil rights groups has filed a lawsuit to prevent implementation of the voucher plan.
- Reading Excellence Grants:** By July 12, DOEd will announce \$241 million in FY99 Reading Excellence Program grants to support research-based reading instruction, professional development for teachers, family literacy, and extended learning activities, designed to help children learn to read well and independently by the end of the third grade.

to be used for the purpose of the study

DEPARTMENT OF VETERANS AFFAIRS

- **Saratoga National Cemetery:** On July 9, Secretary West will keynote the dedication ceremony for the newly constructed Saratoga National Cemetery in Schuylerville, NY. This is the second of five new national cemeteries planned in response to an aging World War II population, marking the largest expansion since the Civil War.
- **Homeless Initiative:** Secretary West announced that VA will hold at least 200 events with local communities for homeless veterans over the next 18 months as part of a VA initiative for the new millennium called "Stand Down 2000." Mrs. Gore has agreed to serve as the Honorary Chair for "Stand Down 2000." One-third of the Nation's adult homeless on any given night -- over 250,000 people -- once served in uniform. The term "Stand Down" originates from the action of removing exhausted combat units from the battlefield to a place of safety for respite.

ENVIRONMENTAL PROTECTION AGENCY

- **FOIA Requests for Risk Management Plans:** On June 21, over 60,000 toxic chemical facilities were required to submit Risk Management Plans (RMP) to EPA. The Clean Air Act of 1990 requires these facilities to disclose to EPA how they will respond to or prepared for potential chemical accidents. The Administration has recognized that while the collection of this information is crucial to providing local governments with information necessary to protect the safety of their residents, the release of this information under FOIA could aid would-be terrorists. In response, the Administration has proposed legislation to manage the release of RMP data to the public. On June 23, the Senate passed a bill that would ban for one year all FOIA requests for the worst-case scenario information, a subset of the RMP data. The bill also would require EPA to develop regulations for responding to FOIA requests after the moratorium ends.
- **Urban Air Pollution:** On July 1, EPA released the Integrated Urban Air Toxics Strategy. Pursuant to requirements in the Clean Air Act, the Strategy identifies a list of the 33 toxic air pollutants that present the greatest threat to public health in the largest number of urban areas. The Strategy also outlines future actions to control major industrial and mobile sources of the pollutants and defines 13 new categories of smaller commercial/industrial operations that contribute to urban air pollution.
- **Everglades Restoration:** On July 1, Vice President Gore, Administrator Browner, and other Administration officials announced the release of the Central and South FL Comprehensive Plan. The plan, which has been described as the world's largest ecosystem restoration effort, provides a framework and guide to restore, protect and preserve water resources throughout Central and South FL. The restoration is expected to cost \$7.8 billion and be achieved within 20 years.

UNITED STATES TRADE REPRESENTATIVE

- **APEC Trade Ministers Meeting:** Ambassador Esserman and Ambassador Fisher attended the 1999 meeting of the APEC Trade Ministers in Auckland, New Zealand. They discussed the following issues: APEC's contribution to the upcoming WTO Ministerial; progress in sectoral liberalization, both for the eight sectors that were moved to the WTO last year, as well as six additional sectors on which action is needed this year; and, informally, the WTO Director General.
- **WTO Trade Policy Review:** On July 12-16, Ambassador Esserman will lead the U.S. delegation to Geneva, Switzerland for the WTO Trade Policy Review of the U.S. She will also participate in a meeting of the WTO Consultative Group.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **D.A.R.E. Convention:** On July 8, Director McCaffrey will address the Twelfth Annual Drug Abuse Resistance Education (D.A.R.E) Officers Training Conference. His remarks will highlight drug prevention efforts and the importance of developing scientifically validated approaches (such as the D.A.R.E program) to guide prevention efforts. The conference will be attended by over 4,500 D.A.R.E officers.

SMALL BUSINESS ADMINISTRATION

- **American Enterprise:** From June 29 to July 3, Administrator Alvarez participated in a Department of Trade and Industry conference in London, England. The conference, entitled "Fostering Enterprise: the American Experience," was held jointly with the U.S. Embassy in London with Ambassador Lader, and is coordinated with the U.S. Embassy and USIA.
- **Small Business 2000:** SBA has partnered with Small Business 2000, a PBS video production company that profiles small business owners and new entrepreneurs, to develop a new Welfare to Work video. The video profiles two people: Cheryl Williams, who moved from welfare to work with the help of the Trinity Valley Community College Small Business Development Center (SBDC) in Dallas, Texas; and Albert Black, who runs *On Target Supplies*, a company with \$16 million in annual sales that hires people on welfare.
- **Congressional Action:** Ranking Member Nydia Velasquez introduced the Access to Contract Equity Act, a bill to restore section 10 U.S.C. 2323 (e), which established a 5 percent goal for DOD to award contracts to Small Disadvantaged Businesses. In addition, the House Small Business Committee held a hearing on the Veterans Entrepreneurship Act. Associate Deputy Administrator for Entrepreneurial Development

Betsy Myers testified on behalf of SBA. The bill was voted unanimously out of the Committee and was amended to incorporate the Military Reservist's bill previously adopted by the Senate.

- **New Markets:** SBA has been selected as the lead agency for the South Phoenix site. In conjunction with your Tour, Deputy Administrator Hochberg will visit additional cities to attend New Markets events, and SBA regional offices will plan at least one event in their region during New Markets Week. In addition, SBA's Region 1 has exceeded its loan targets for New Markets areas, African-American, Asian-American and Native Americans.

OFFICE OF PERSONNEL MANAGEMENT

- **Hammer Award:** On June 23, eleven OPM employees from Employment Service and a team from the Bureau of the Census were awarded a Hammer Award for work done to redesign the hiring process by Vice President Gore's National Partnership for Reinventing Government. On the project, OPM and the Bureau collaborated to re-engineer the method used to hire the Bureau's three mainline occupations: Mathematical Statistician, Survey Statistician, and Computer Specialist. The new hiring system allows applicants to apply for these positions on the World Wide Web, and managers to hire employees from their desktop computers.
- **FY2000 Appropriations:** On June 24, the Senate Appropriations Committee approved the FY2000 Treasury and General Government Appropriations bill. OPM received its full request for salaries and expenses, as well as the use of the Civil Service Retirement and Disability Trust Fund. Section 634 of the bill includes the FEHBP contraceptive equity language, as does the bill approved by the House Treasury-Postal Subcommittee.
- **DC Federal Summer Jobs Initiative:** Since GSA's initial report of concern two weeks ago, agencies have answered the call. To date 44 percent of the government-wide hiring commitment has been achieved, with 324 students hired toward the commitment of 740 positions. OPM and the White House will continue to promote this program until the government-wide goal has been met.

UNITED STATES INFORMATION AGENCY

- **Foreign Media and Kosovo:** European media outlets remained focused on events in Kosovo, with many expressing alarm over the continuing tension and violence in the Serb province, particularly the revenge-motivated "reverse ethnic cleansing" by Albanians. Commentators in Britain, France, Germany, and Italy worried that "the hopes of peaceful coexistence appear every day more remote, even if KFOR is able to break the cycle of violence and vendetta."

- **Kosovo Polls:** Two-thirds of Kosovo Albanian refugees interviewed in Macedonia say they were forced or ordered out of Kosovo by Serb authorities. Sizable minorities report being assaulted themselves, having a family member who was arrested or having a family member who was killed. Over 90 percent plan to return to their homes in Kosovo. Most refugees oppose protecting Kosovo Serb rights in any future political settlement, and believe that the two communities will never be able to live together again. Nearly all support an independent Kosovo; few favor union with Albania. (Findings based on interviews conducted June 9-19.)
- **Albania Land Mines:** WORLDNET produced a special program for refugees returning to Kosovo to educate them on the hazards of land mines. A military land mine expert explained how to identify land mines, detailed their hazards, and provided guidance on encountering them. TVSH in Tirana, Albania aired the program on June 23.
- **Refugee Internet Assistance:** Private companies have agreed to donate three more computers for the refugee camp at Ingleheim, Germany, contributing to already successful computer access for refugees. In Krakow, Poland workers are laying land lines for Internet access, and refugees will have access to computers and Internet soon.
- **WORLDNET Dialogue on Y2K:** The latest WORLDNET international Dialogue afforded an opportunity for Thai computer experts to exchange their views with a U.S. counterpart on efforts to address the millennium bug. Two Thai television stations covered the program in their newscasts and the top-circulation business newspaper *Prachart Thurakij* carried a report; the English-language *The Nation* ran articles on two separate days.

GENERAL SERVICES ADMINISTRATION

- **50th Anniversary Celebration:** On July 1, GSA celebrated its 50th Anniversary. Administrator Barram will host a program at the Ronald Reagan Building that will televised to all 11 regional offices.
- **Computers to Schools:** Recently, GSA Region 1 donated two 486 computes and two laser printers to the Mather Elementary School in Boston, and six 15 inch monitors to the East West Foundation, recyclers, who will use them to complete systems to be donated to the Boston Public Schools.

SOCIAL SECURITY ADMINISTRATION

- **Medicare Buy-In:** On June 16, the Texas Gray Panthers filed a law suit in U.S. District Court for the District of Columbia. The case challenges the manner in which HHS and SSA have implemented statutory requirements to ensure that individuals eligible for

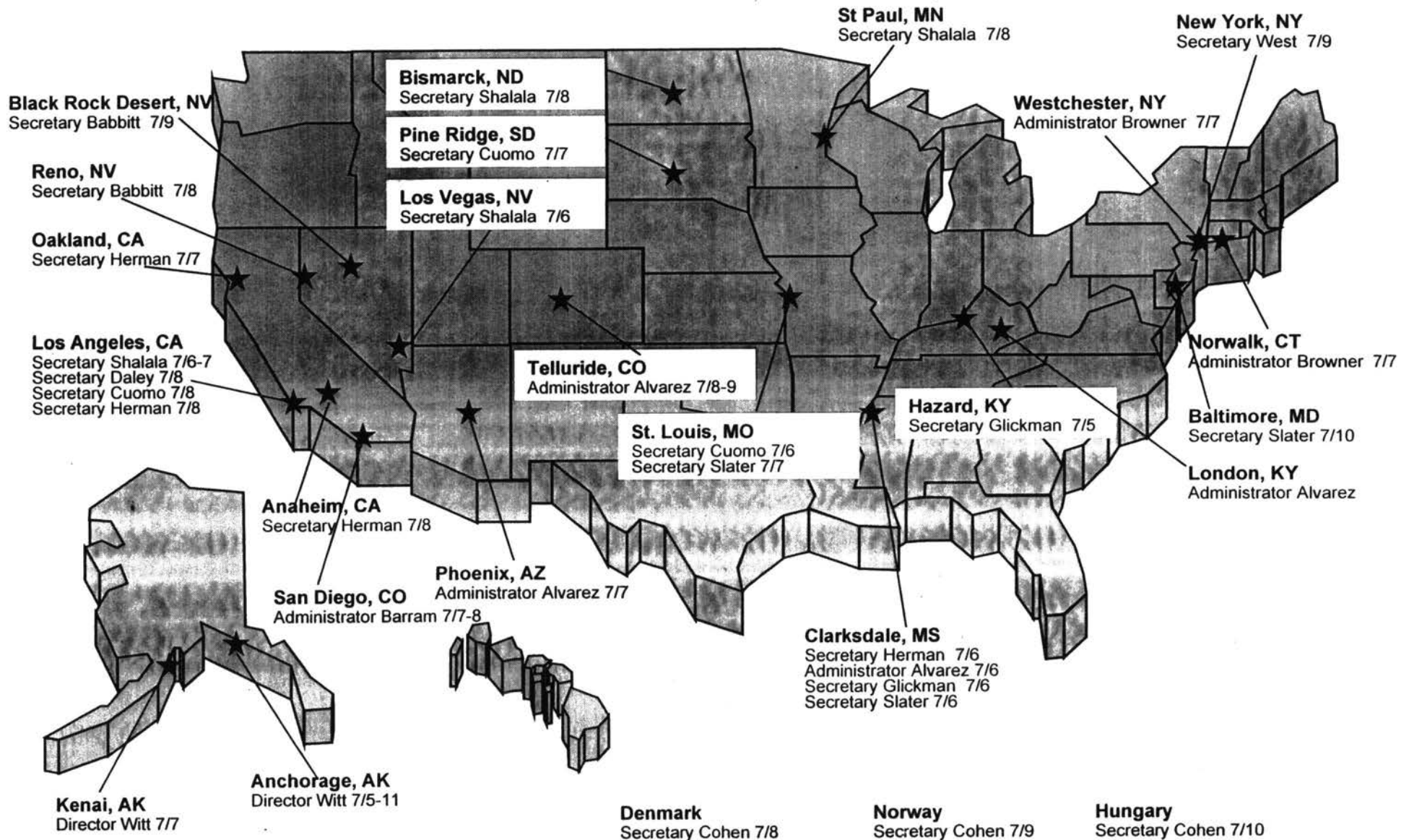
Medicare buy-in programs learn about them and receive assistance in enrolling. Plaintiffs argue that SSA and HHS have failed to provide sufficient assistance and that, consequently, millions of low-income elderly and disabled individuals who are eligible for the program have enrolled late or not enrolled at all.

cc:

The Vice President
John Podesta
Sandy Berger
Sidney Blumenthal
Mary Beth Cahill
Maria Echaveste
George Frampton
Mickey Ibarra
Ben Johnson
Joel Johnson
Janis Kearney
Ron Klain
Neal Lane
Jack Lew
Ann Lewis
Joe Lockhart
Buddy MacKay
Minyon Moore
Bruce Reed
Steve Ricchetti
Doug Sosnik
Gene Sperling
Larry Stein
Loretta Ucelli
Melanne Verveer

Domestic Cabinet Travel

Monday, July 4 - Saturday, July 10, 1999



7-5-99

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THE WHITE HOUSE
WASHINGTON

July 2, 1999

MEMORANDUM FOR THE PRESIDENT AND THE VICE PRESIDENT

FROM: MARY BETH CAHILL MBT 9A.
DIRECTOR, OFFICE OF PUBLIC LIAISON

SUBJECT: WEEKLY REPORT (June 26 – July 2)

Copied:
Cahill
PodestaI. ACTIONS SUPPORTING PRESIDENTIAL INITIATIVES:*MEDICARE*

OPL constituencies are supportive of general plan, and identify areas of concern for ongoing dialogue. Most groups applaud your effort to maintain the fundamental integrity of Medicare, and are especially pleased with the prescription drug benefit and its protections for low-income beneficiaries. The focus on prevention is particularly welcomed. As the Administration moves forward, groups encourage further consideration of the following: 1) fears that cost-containment and competitive bidding measures could have an adverse impact on quality; 2) need for catastrophic drug component; 3) BBA caps/reductions, which hurt providers as well as people who need ongoing therapy (e.g. occupational and speech therapy); and, 4) need for aggressive education component. OPL groups are eager to collaborate with the Administration to build momentum for the proposal.

II. CONSTITUENT OUTREACH AND OTHER ISSUES:*AGRICULTURE OUTREACH*

Agriculture groups support NTR for China. Fifty nine agriculture groups signed onto a letter urging House Members of Congress to unconditionally renew Normal Trade Relations (NTR) status for China by rejecting H. J. Res. 57.

ASIAN PACIFIC AMERICAN OUTREACH

Los Alamos Heightens Concern about Discrimination and Negative Stereotyping among Asian American's. The Asian Pacific American community hailed Nightline's program on these issues as the first time the media has taken such discrimination and stereotyping seriously. The show demonstrated the Asian American community's frustration with being viewed as foreign nationals rather than "Americans," particularly when one or two individuals in the Asian American community is linked to unlawful activity. Asian Americans appearing in the Nightline piece included Angela Oh (a Member of the Race Commission), Charles Wu (a prominent LA

7-5-99

businessman and incoming President of the LA Chamber of Commerce) and Hoyt Zia (a former Administration appointee). Secretary Richardson and his work to combat discrimination among Asian American Scientists at the Energy Department Labs were also featured.

GAY/LESBIAN OUTREACH

AIDS groups angry with Administration over failure to move forward on Africa AIDS plan. Richard Socarides, Sandy Thurman, and others met with mainstream AIDS groups on Thursday. These groups are helping us on the Africa/AIDS drugs controversy. They are very concerned over delays in our overall Africa AIDS plan and believe that the current climate will only improve once the Administration releases its plan. The plan, however, seems to be mired in the internal WH budget process. The groups urge us to release the plan in the next 10 days to 2 weeks. If not, we will face mounting protests and ill will.

PKs
Podest
Munn
Rosen
Sullivan
Trotter
Wick
Zia

Hormel Sworn In. A crowd of about 350 community leaders, friends, and family members cheered Jim Hormel's swearing in on Tuesday at the State Department. "I thank you all for coming here today for a moment I pray will become but a footnote in the history of our diplomatic relations and our efforts to ensure basic constitutional equality for all citizens," said Hormel. His partner, Tim Wu, held Hormel's father's 1901 Bible while Secretary Albright administered the oath. Albright said: "Today, we send a message that neither race nor creed nor gender nor sexual orientation should be relevant to the selection of ambassadors for the United States. This is one of those glorious days when the nice guy finishes first."

HEALTH OUTREACH

Cancer advocates and medical researchers applaud the Vice President's announcement of his cancer agenda.

7-5-99

THE WHITE HOUSE

WASHINGTON

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Copied:

Ballentine
Podesta

July 2, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: ROGER BALLENTINE 

RE: OFFICE OF ENVIRONMENTAL INITIATIVES WEEKLY

Climate Change

Science and Industry. The Pew Center on Global Climate Change released a new report this week predicting higher rates of warming and sea level rise than previously expected. These results forecast global mean temperature increases by 2100 at a rate 2 to 7 times greater than those of the 20th Century, and sea level rises at a rate 1 to 7 times that of the 20th Century. A new study by the Environmental Defense Fund and Columbia University predicts that by 2100, New York City will have almost as many 90 degree days as Miami does now, and that sea level rise of up to three and a half feet will wash away beaches, flood subways and create new wetlands in Brooklyn, Queens and Staten Island.

Legislative. The House Appropriations Committee adopted an amendment offered by Congressman Knollenberg (R-MI) that prevents us from implementing the Kyoto Protocol prior to Senate ratification. This amendment is the exact language agreed to in the VA-HUD appropriations bill last year. While we continue to oppose this language as unnecessary, we believe that this amendment does not prevent us from continuing to work on the win-win programs that make up your Climate Change Technology Initiative and other climate-related policies.

This week Congressman Matsui (D-CA) introduced the Administration's climate change tax package. This package included the new version of the car tax credit negotiated with the domestic auto manufacturers, as well as credits for renewable energy generation and the purchase of energy efficient homes. On a less positive note, Congressman McIntosh (R-IN) introduced a bill that includes a prohibition on any EPA efforts to limit CO2 emissions and a prohibition on the expenditure of any federal funds to develop or implement a credit for early action program.

Lands Legacy

FY2000 Budget. The Senate Appropriations Committee reported an Interior bill that funds your Lands Legacy Initiative at a level 62% below your request. The House Appropriations Committee reported an Interior bill more than 70% below your request. Both Committees refused to provide any funding for the following Lands Legacy Programs: Open Space Planning Grants (to help states and communities develop growth strategies); non-federal acquisition grants; the Farmland Protection Program (grants to states and communities to acquire conservation easements); the Smart Growth Partnership (revolving loans for land preservation in rural areas); and the Urban Parks and Recreation Program (urban park restoration). The Senate Appropriations Committee funded the Lands Legacy programs in the Commerce, Justice, State bill (NOAA coastal and oceans programs) at a level 33% below your request.

cc: The Vice President
John Podesta
Maria Echaveste
Steve Ricchetti
George Frampton
Ron Klain
Neal Lane
Joe Lockhart
Gene Sperling
Larry Stein
Jim Steinberg
Janet Yellen

Copied :
MacKay
Podesta

THE PRESIDENT HAS SEEN

7-5-99

THE WHITE HOUSE

WASHINGTON

July 02, 1999

'99 JUL 2 PM4:16

MEMORANDUM FOR THE PRESIDENT AND THE VICE-PRESIDENT

FROM: Kenneth H. MacKay, Jr. *MMK for*

SUBJECT: Special Envoy for the Americas Weekly Report

CBI: The Senate Finance Committee marked-up several trade measures on June 22nd, including CBI, Africa Trade, GSP and TAA. The CBI measure introduced by Roth-Breaux is similar to past Senate CBI measures, although authorizing it for 5 years instead of 3 years as in previous years. The House leadership is conducting a whip count on the rule for the Africa Trade bill, and anticipates bringing up the bill the week after the Independence Day recess. The Senate will amend CBI and other trade measures onto the Africa Trade Bill. This procedure will set the stage for a conference committee without a separate CBI vote in the house. On a related note, Congressman Levin continues to reach-out to the Administration to gain support for an alternative CBI bill he plans to introduce soon after the July 4th recess. Lael Brainard and I were scheduled to meet with Congressman Levin, Senator Graham and Congressman Colbe, to discuss the strategy with the alternative bill, but the meeting had to be postponed to a later date. On June 24, I held a briefing for the Ambassadors from Caribbean Basin countries as well as a delegation of U.S. elected officials of Caribbean Basin descent to discuss the status of CBI and the prospects for having a bill enacted this year. The delegation of U.S. elected officials of Caribbean Basin descent was in Washington to lobby members of Congress on CBI and immigration issues.

Temporary Protected Status: I met with Honduran Foreign Minister Roberto Flores-Bermudez. I also spoke with Nicaraguan Ambassador Francisco Aguirre-Sacasa. They requested, on behalf of their governments, that the Administration ~~extend by six months the registration period for Hondurans and Nicaraguans seeking Temporary Protected Status (TPS) that was designated by the Attorney General to assist these countries which were devastated by Hurricane Mitch that was set to expire on July 6.~~ We worked closely with NSC, WH/DPC, State and DOJ/INS to reach an appropriate outcome. On Thursday, July 1, INS rolled back the registration deadline to August 20, based upon the difficulty that some prospective applicants have faced in obtaining the necessary documentation from their home countries. *For*

Transparency & Anti-Corruption Issues: On June 30, 1999, I spoke at the quarterly meeting of Transparency International. I emphasized that it is a priority for the Administration to secure ratification of the OAS Inter-American convention on corruption and that we are working with the Senate Foreign Relations Committee to do so. I am also participating in the Anti-Corruption Conference in Ecuador in mid July.

Business Outreach: I met with a 15-person business delegation from Haiti. The main issues discussed included the tremendous challenges to keep the elections on track for November and to stem the violence throughout the country. The delegation requested continued U.S. support for the democratic process in Haiti. In addition, members of my staff met with George Herrera, President and CEO of the United States Hispanic Chamber of Commerce to discuss possible outreach efforts among the Latino business community.

Panama: I am consulting closely with the NSC and the State Department as we approach the December turnover of the Panama Canal. We are concentrating on the appropriate make-up and level of the U.S. delegation. We are also discussing the scope of the ceremony.

Media: I was interviewed by Karen Testa of the Associated Press. The interview focused on the role of the Special Envoy and the Administration's commitment to the hemisphere.

THE WHITE HOUSE

WASHINGTON
June 3, 1999

Copied:
Memo -
Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: DAVID GOODFRIEND *DG*

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

(A) **Sperling/Berger memo on 1st Cir. MA Burma sanctions ruling** – Court held Massachusetts' Burma sanctions law unconstitutional, reasoning that the law interferes with the federal government's foreign affairs power, violates the Foreign Commerce Clause, and violates the Supremacy clause because it is preempted by federal sanctions against Burma. Business interests and trading partners (*e.g.*, EU, Japan) will be pleased but so will the Rangoon regime; Burma's opposition leader will be disappointed; the Supreme Court probably will hear the case; you therefore may have to revisit the issue of whether to file a brief (you decided in March not to do so in the First Circuit appeal).

Chuck Ruff has seen this memo.

(B) **Sec. Glickman note on farm crisis** – anticipating New Markets tour, forwarded article about increasing stresses on the family farm. Highlights: a facet of American life is at risk; family farms are squeezed by growing agribusiness, the aging of rural communities, and globalization of markets; even under the Freedom to Farm Act, USDA paid \$17 billion to farmers and public opinion is turning against such aid; Sec. Glickman believes saving family farms will "preserve a land base for future generations."

Koskinen monthly Y2K update – since last report, participated in Y2K Community Conversations in six cities; joined health care industry rep's on prescription drug refill guidelines for consumers; took part in second global meeting of Y2K coordinators at UN; new Y2K concerns have surfaced, including the Internet's vulnerability and the need for common domestic and international system operations information collection standards.

(C) **Items executed on your behalf** – (a) memorandum to HHS and Treasury, to which you referred in this week's radio address, directing actions against unsafe food imports (*e.g.*, destroy imported foods posing health problems; increase penalties for violations); (b) proclamation modifying the General System of Preferences (GSP) program (offering duty-free access to U.S. market of goods from certain developing countries) by, *inter alia*, designating Gabon and Mongolia as beneficiary developing countries; reinstating

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Mauritania as a least developed beneficiary country; and providing Cambodia with the same benefits as other eligible ASEAN nations, in recognition of Cambodia's recent accession to ASEAN; (c) military drawdown of \$5 million for Tunisia.

✓) **Shalala/Glickman report on food safety institute** – Responding to your food safety initiative of last year, Sec's. Shalala and Glickman transmitted to you their report on creating a Joint Institute for Food Safety Research to help reduce foodborne illness by coordinating food safety research between HHS, Agriculture, other agencies, and the private sector, and fostering effective translation of the research findings into practice. HHS and Agriculture will jointly lead the Institute using existing resources; the report describes the Institute's concept and organizational principles, and presents a draft implementation timeline. *The report is on file in our office.*