FOIA Number: 2016-0970-F

FOIA MARKER

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Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Staff Secretary

Series/Staff Member: Sean Maloney

Subseries:

OA/ID Number: 14865

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Folder Title:
Friday, July 23, 1999

Stack:	Row:	Section:	Shelf:	Position:
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	[Personally Identifiable Information] [partial] (1 page)	07/23/1999	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Sean Maloney (Chron File (Jul 99))
OA/Box Number: 14865

FOLDER TITLE:

Friday, July 23, 1999

2016-0970-F
rs2995

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

7/23/99

After you have seen, we will send to Burkhardt.

THE PRESIDENT HAS SEEN
7-23-99

Cal

IN THE LOOP

Al Kamen

Babbitt's Own: A Recipe for Goose

Memo to Interior Secretary **Bruce Babbitt**: Next time you're called to testify before any congressional authorizing committees, find a scheduling conflict.

Babbitt, testifying July 9 in U.S. District Court here in a suit over Indian trusts, was questioned by former representative **Elliot Levitas** (R-Ga.), representing the Indian plaintiffs.

This matter "is more complicated because one of the hardest things to divine is the intent of Congress," Babbitt said, "because most of the time on a lot of legislative things there is, in fact, no intent of Congress in the sense of parsing legislation because legislation is put together usually in a kind of House-Senate kind of thing where it's the munchkins who actually draft the legislation at midnight in a conference committee and it goes out."

(Hmmmm. Just think. If Babbitt had ever gotten that Supreme Court nomination he just missed, he would have been a staunch backer of Justice **Antonin Scalia**'s views on legislative history. . . .)

Asked how often he testified before authorizing committees, Babbitt wasn't sure. "I mean, you know, nothing ever gets done on any level in the authorizing committees," he said. "I go. I go when I got to go. Now, how many times have I talked about Indian affairs? The Senate Indian Affairs Committee, under Senator [**Daniel K.**] **Inouye** [D-Hawaii] and Senator [**John**] **McCain** [R-Ariz.] had me up there a number of times."

"But basically you consider the authorizing committees not particularly relevant?" Levitas asked.

"Sir, every committee of the United States Congress is, for the record, highly important, deserving of the utmost deference and respect," Babbitt said.

"Why do I think that answer is in conflict with the one you just gave?" Levitas asked.

"Because you're a cynical lawyer trying to push me off a cliff," Babbitt said to general laughter.

Babbitt best be careful if he has to go to Munchkinland any time soon lest a House—or Senate—fall on him.

Hatch's Own: What's Good for the Goose Is . . .

The long-simmering standoff between Senate Judiciary Committee Chairman **Orrin G. Hatch** (R-Utah) and the Clinton administration over a judgeship for Hatch pal **Ted Stewart** is moving into a new phase. Stewart is strongly opposed by enviros and liberals.

The administration sent Stewart's name for preliminary vetting by the FBI and evaluation by the American Bar Association. The ABA review, it turns out, is being handled by the much-esteemed **Charles Renfrew**, a 71-year-old retired federal judge in California and deputy attorney general in the Carter administration.

Renfrew has become, in effect, like a one-man base closing commission such as those appointed to resolve congressional fights over closures. If Renfrew deems Stewart unqualified, the White House almost surely won't nominate him. Hatch, who's already stripped the ABA of a formal role in nominations, would go ballistic, but that would be that, although the confirmations process, which showed some life of late after the White House moved a bit on Stewart, might close down anew.

But if Renfrew decides Stewart is qualified—and, given the record of some of our fine federal judges over the years, Stewart's chances of meeting those standards are most excellent—then the White House would not be able to argue about his credentials.

That would shift the focus to whether **President Clinton** can get a commitment from Hatch and Senate Majority Leader **Trent Lott** (R-Miss.) to move on several long-pending judgeships. No horse-trading here, we are certain. If Stewart's nominated, Hatch wrote the administration, "The White House can count on my continuing fairness in the committee's consideration of judicial nominees." That "has led" to 305 Clinton federal judges, he noted. Even if his pal is not nominated, Hatch said he would continue to do the right thing.

Still, the Senate has only confirmed nine judges so far this year, most of them holdovers from last year, and Hatch did not hold a confirmation hearing on any new nominees until last month. The second was held on Friday. Word is there may be another one before Aug. 6, when the Senate is set to take off for summer recess.

Might want to hold off on ordering those black robes until Renfrew submits his assessment.

. . . And Finally, Fish

Clinton has said he will nominate **Andy Fish**, who has been deputy chief counsel to Sen. **Tom Harkin** (D-Iowa) on the Senate Committee on Agriculture, Nutrition and Forestry since 1997, to be assistant secretary for congressional relations at the Department of Agriculture.

Henry Smith, an early Clinton '92 campaign worker in New Hampshire, is leaving his job as acting assistant secretary of education for intergovernmental affairs and moving to run the American Jewish Congress's D.C. office.

Good luck to him

On the ambassadorial front, Clinton has picked three career Foreign Service officers to serve in posts in Africa:

Jeffrey Bader, who has served in China, Hong Kong and Zambia and is director of Asian affairs on the National Security Council, is to be ambassador to Namibia. Thirty-year Foreign Service veteran **Gregory Lee Johnson**, who has served in Asia, Latin America and Europe, is to be ambassador to Swaziland. And **Jimmy J. Kolker**, a 22-year veteran who's served in numerous embassies in Europe and Africa, is to be ambassador to Burkina Faso.

The Washington Post

Wednesday, July 21, 1999

Reply

Gerald Stephen McGowan

7/2

Dear President Clinton

7-23-99

Congratulation on your success in Kosovo. The second guessing here was horrific and I know it was 100x worse back there. I think history might judge this action as a

7-23-99

After you have seen, we will send to Burkhardt for reply –

Carl

watershed event of the end of the 20th century and you will get the lion's share of the credit.

Your calls to PM Guterres were much appreciated as well as publicized by the gov't. However their overriding foreign policy issue is East Timor and continued U.S. engagement there is extremely important here.

Susan & I hope that you can extend your stay here when you come here for the June 2000 US-EU summit

President Bill Clinton
White House
WASH D.C.

Caswell

This looks real

try to help

THE PRESIDENT HAS SEEN
7-23-99

7/23/99

After you have seen, we will send to Burkhardt.

Dear Mr President

THE PRESIDENT HAS SEEN
7-23-99

My husband, John Muenk, was in an auto accident, Sept, 1994.

He was found to be totally disable by Social Security and receives benefits monthly,

My husband was a State of Michigan employee at the time of the

Withdrawal/Redaction Sheet
Clinton Library

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2

accident, the state has ruled he ??
is not disable (alleged accident)
and not eligible for disability
retirement. (He has a brain injury)
We have no medical
insurance except Medicare
and no script coverage. our cost
are over $300.00 a month.

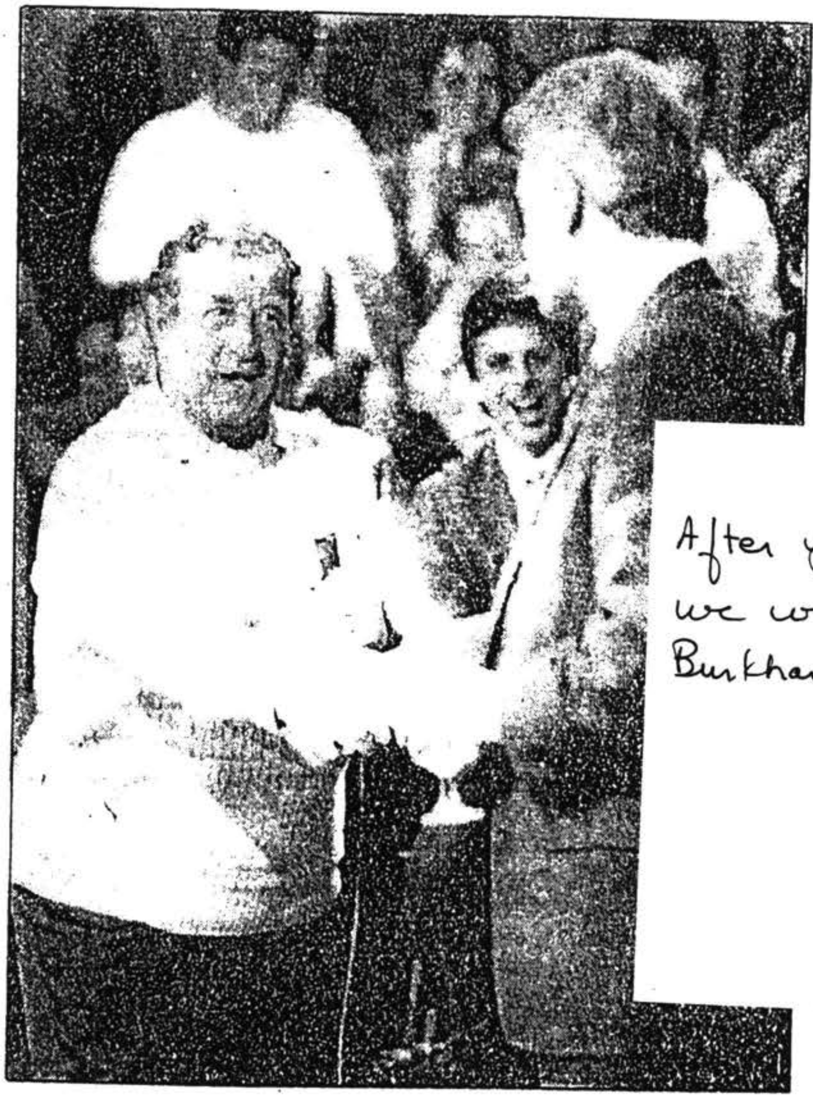
Can You Help
Antonia Miernik
517-372-6220

Ms. Antonia M. Miernik
629 W. Lapeer Street
Lansing, MI 48933-1018

SS (b)(6)

Saw at Lansing
Macomb meet —
No Mike reply
RC

7-23-99



7/23/99
After you have seen,
we will send to
Burkhardt —
C.

AP Photo
Arkansas Gov. Bill Clinton, right, has been trying to improve his image in Michigan by meeting with people, including this Thursday session at Macomb Community College.

1992 With Gus Bianchini
24952 Beierman
Warren Mich 48091
810-756-9859

1984 We first met, when you personally hosted NCSD Presidential Reception at the Ashmore Bonham's mansion

Met in Lansing
Alan Lous
Powell
Nagy
BC.

7-23-99

Benton Harbor

Famed fashion magazine puts BH man on cover

By CHERYL WILLIAMS
H-P Correspondent

BENTON HARBOR — Rejection is hard to take in any career, but in the modeling world it comes with the business. For A. Daniel M. Turner it was simply something to get used to as he made the rounds to New York modeling agencies last summer.

In fact, the 22 year-old Benton Harbor native is not even fazed by it anymore. After going to an estimated 60-70 agencies, Turner ended up working with three of them: IKON (New York), Irene Marie and McDonald, Richards.

"That's the way it works," he explained. "In order to make it big, you've got to get rejected for a million things and then (for) one thing you're going to get accepted."

So far his biggest shoot has been with DNR magazine (Daily New Record) where he is on the cover and two photos inside the Aug. 24 issue. DNR is part of Fairchild Publications, which is ABC owned. Even he did not realize how big it was until he learned the background of the magazine.

"It's the oldest and most known fashion magazine in the industry," he said. As such, it provides great exposure for his career, but he lost a shoot for Men's Health magazine because it fell on the same day.

Turner's foray into modeling evolved over a period of several years. A 1994 graduate of Lake Michigan Catholic High School, he is the son of Capt. James F.A. Turner of Benton Harbor and Marime Lazaro of Madrid, Spain. The University of Michigan senior will graduate in December with a degree in movement science, which is similar to sports medicine.

During his sophomore year in college he considered modeling for the first time, but only got as far as making a couple of phone calls. While visiting his mother and younger brother, John Paul, in Madrid three years ago, a well-known model/friend there encouraged him to return to Michigan and give it a try while in school.

That fall Turner came back to U of M and also went to the John Casablancas modeling school in Plymouth. Prior to going to New York, he did some runway modeling in the area and a hair show in Detroit through the Casablancas agency. He also did runway modeling in Madrid.

After school recessed last summer, he headed to the "Big Apple" and began calling on agencies as advised by the Casablancas agency.

"I mean that's what they tell you to do," he explained, "unless you're discovered or something."

He admits his parents were somewhat apprehensive about him moving to such a big city, but very encouraging in his career pursuit. It was easier because for the first month he lived with his girlfriend's family in New Jersey, only 20 minutes from New York. He also had family on the East Coast because his older brother, Francisco, is an investment banker in Boston.

Daniel Turner initially made the rounds with a couple of pictures of average quality, and while he was able to secure work, he does consider a quality portfolio an asset. It's not a clear-cut issue because quality photos open more doors, yet Turner warns that some agencies advise you to have expensive photos taken just to keep their photographers busy.

The agencies he worked with really liked him and gave him the photos at a reasonable cost. Turner paid only $120 for all his photos and now has a professional portfolio. He feels that if he were to go back to the various agencies with his portfolio now, he would get a lot more call backs.

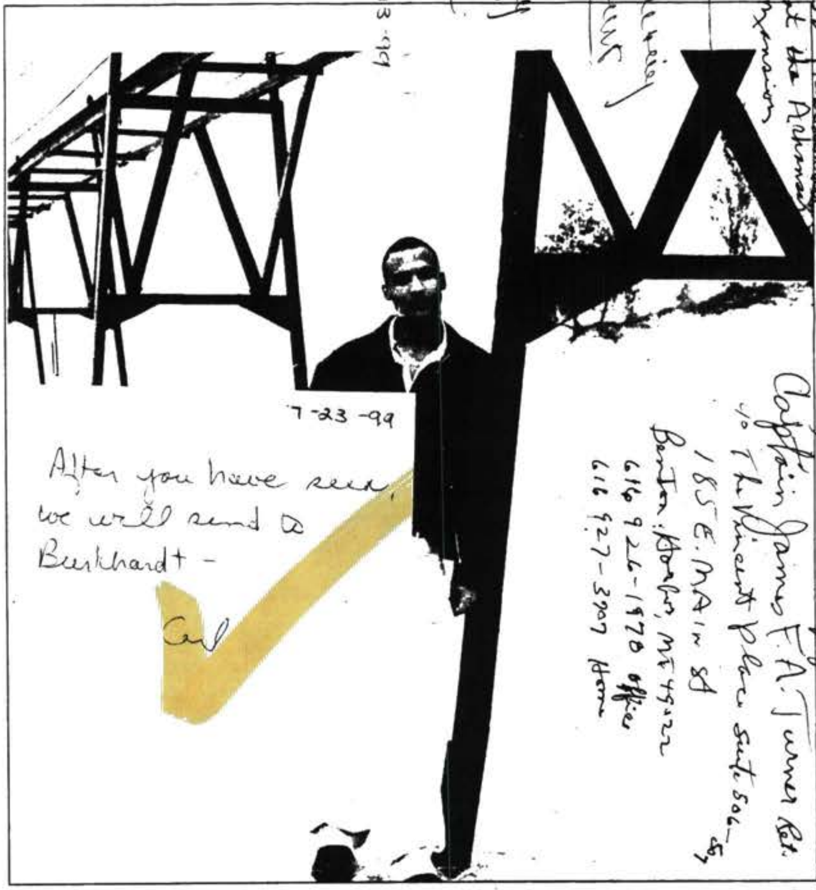
The biggest problem is that some people look a lot different in photos or their appearance can change. Consequently, you are not guaranteed a booking until they see you and determine if you have the "look" they want.

To make it in the high fashion industry requires that as soon as you become somewhat "big" you go to Europe — Milan, Italy, Paris, France, — and then you come back. And the people on TV, "That's a whole other world," he explained. "It's a very difficult business." The pay can vary from a few hundred dollars a day to four or five thousand dollars a day. A friend just did a Guess campaign and was paid $12,000.

"And that's nothing because he was just starting out," he said. "If he were to do another Guess campaign, it would shoot up to $40,000 or $50,000."

Turner's goals include wanting to do high fashion photographs and hopefully have his career take off within three years. After that he would like to do something industry related, like becoming an agent or even owning his own agency. And if modeling doesn't work out, he would seriously consider going into investment banking with his brother.

Turner is definitely encouraged by last summer's experience. He was asked to come come back this fall, but is waiting until graduation to go back to New York.



7-23-99
After you have seen, we will send to Burkhardt -
Carl

(NCSD) National Desegregation Committee
Captain James F.A. Turner Ret.
c/o The Vincent Place Suite 506-507
185 E. Main St
Benton Harbor, MI 49022
616 926-1970 office
616 927-3907 Home

Cheryl Williams photo

STRIKING A POSE: Daniel Turner shows his modeling style on St. Joseph's North Pier during a recent visit home. The 1994 Lake Michigan Catholic High School graduate started his modeling career last summer and plans to continue after he graduates in December from University of Michigan.

The Cullinane Group, Inc.

Investors in High Technology Ventures

. J. Cullinane
sident

'99 JUL 23 AM 8:52

7-23-99

Send to NSC?

Yes

No

MEMORANDUM

TO: President William J. Clinton
The White House

CC: Larry Butler
Director for European Affairs
National Security Council

FROM: John J. Cullinane

DATE: July 16, 1999

RE: Northern Ireland

I have always held the Unionists' commitment to sharing power in Northern Ireland as highly suspect, ever since they raised the bar to peace by insisting the IRA decommission prior to taking assembly seats. Decommissioning prior to taking their seats, as you know, was never part of the agreement. I would have preferred that the IRA decommission some weapons as an expression of goodwill, but I am confident that the Unionists would have raised the bar again by saying it was not enough.

If I were Prime Minister Blair, I would declare the assembly in session and if the Unionists didn't show up, that would be their problem. The SDLP, Loyalists and Sinn Fein could do a good job of running Northern Ireland until the Unionists decided to participate. After all, there is a precedent for this. Sinn Fein representatives have been elected to Parliament and they don't show up and life goes on. It's time to call the Unionists' bluff because the overwhelming majority of people in the Northern Ireland deeply want peace. This arbitrary solution is far better than the current collapse of the peace process.

One Exeter Plaza Boston, MA 02116 TEL 617/494-8894 FAX 617/494-1502
E-mail: john@cullinane-group.com Web site: www.cullinane-group.com

The Cullinane Group, Inc.

Investors in High Technology Ventures

John J. Cullinane
President

FAX COVER SHEET

ATTN: Nancy Hernreich
Fax # 202-456-6703

FROM: John Cullinane

DATE: July 16, 1999

RE: Attached Memo

Page 1 of 2

One Exeter Plaza Boston, MA 02116 TEL 617/494-8894 FAX 617/494-1502
E-mail: john@cullinane-group.com Web site: www.cullinane-group.com

CHARLES E. SCHUMER
NEW YORK

COMMITTEES:
BANKING
JUDICIARY
RULES

7-21-99

Carolyn -
I don't know if this is different from yesterday's fax.
B

TO: T
FROM: I
FAX: 202-456-1210
PHONE: 202-456-1414
DATE: 7-21-99
PAGES TO FOLLOW: 4

Ms. Currie,
I have sent a letter addressed to the President from Senator Schumer as well as two pages that were sent yesterday. I just wanted to be sure that you received those from yesterday.

Please call me at 224-3785 if there is a problem with this transmission.

Thank you.
Elizabeth Standley

7/23/99

This letter is different from one [re]ceived in our office 7/20/99, however, [th]e attachment is the same —
Send to Leg Afrs?
Yes ✓
No

CHARLES E. SCHUMER
NEW YORK

United States Senate

WASHINGTON, DC 20510

July 20, 1999

The President
The White House
Washington, DC 20500

Elizabeth -
Fax to Betty
Currie
As per Josh
Thanks Doug

Dear President Clinton:

I write to share my concerns a Balanced Budget Act of 1997 (BBA) is imposing on New York hea r your help. New York facilities face a staggering $545 million in reduced reimbursements over five years if the proposed outpatient prospective payment system (PPS) is fully instituted. While the BBA did address some problems with Medicare, many New York facilities will be forced to provide lower quality care if the full BBA cuts are implemented.

For example, the Medicare cuts threaten Rochester's Strong Memorial Hospital's ability to fund the Poison Control and Information Center. The center, which receives 30,000 calls each year, prevents numerous unnecessary emergency room visits and has saved thousands of lives. Because of BBA cuts, Long Island College Hospital in Brooklyn, which serves a diverse, low-income community, may be unable to meet its operating costs in the near future. I am convinced that, with your leadership, the Health Care Financing Administration (HCFA) can ameliorate some of the most damaging Medicare cuts facing New York's health care facilities.

In the ten years before the BBA was enacted, New York health care facilities engaged in a momentous effort to cut waste and fat. In 1997, the BBA required all U.S. health care facilities to cut out waste and unnecessary treatments in order to strengthen Medicare, but I have visited numerous hospitals across the State and I know there is no more fat to cut. If faced with additional cuts, the facilities will have to cut muscle and bone, that is, vital programs and staff. New York now needs the Administration's help in making administrative changes in four key areas.

Most importantly, I believe HCFA's proposal to adjust the amount Medicare beneficiaries pay for hospital outpatient services is, as 78 Senators recently wrote Administrator DeParle, "a misrepresentation of Congressional intent and threatens the integrity of a broadly supported compromise." HCFA's proposal, which would reduce hospital payments by 5.7 percent, alone will cost New York's hospitals about $200 million over five years. I request HCFA address this administratively by implementing the adjustment as intended by Congress. Additionally, to help ensure good health care in New York, HCFA administratively should:

- Eliminate the volume and expenditure caps. Developed to cut out fraud and waste, they should not limit payments to efficient hospitals focusing on the special needs of their communities.

- Adjust the caps for inpatient psychiatric and rehabilitation reimbursements to reflect the high wage costs that hospitals face in expensive areas such as New York. This would save New York hospitals about $65 million over five years.

- Ease the transition to the nursing facility PPS for states participating in the "Nursing Home Case Mix and Quality Demonstration," by providing additional compensation to these facilities. This would provide New York skilled nursing facilities as much as $40 million in relief through 2002.

I look forward to continue to work with you and your staff to improve Medicare and strengthen the nation's health care system. Your recently proposed Medicare proposal is a good start and I plan to work in the Congress to see that it is enacted. I do ask, however, that you work with me to ensure that New York health care systems are able to provide the excellent level of care for which they are known around the world.

Sincerely,

Charles Schumer

Charles E. Schumer
United States Senator

Schumer Proposal to Make College Tuition Tax Deductible

The Schumer Plan:

- Makes up to $12,000 in college tuition tax deductible;
- Allows anyone with a top marginal tax rate of 28% or less to take the full deduction (joint filers earning up to $104,000, single heads of households earning up to $89,500, and single filers earning up to $62,450);
- Gives taxpayers in the 28% bracket a maximum benefit of $3,360 per college student per year;
- Allows parents to choose between Hope Scholarships and the tax deduction based on what is best for them;
- Has a budgetary impact of between $45 and $50 billion over ten years, according to preliminary estimates by the Joint Tax Committee.

The Schumer Plan <u>does not</u>:

- Make room and board tax deductible;
- Allow any tuition beyond the $12,000 cap to be tax deductible;
- Replace Hope Scholarships

Talking Points

- This is a way to differentiate the Democratic tax plan with the GOP tax plan.
- It will be seized upon by the press as a major difference in the two plans and will put the GOP on the defensive.
- It is a very simple but powerful message – "The Democratic Plan Makes College Tuition Tax Deductible."
- The Schumer campaign promise to make college tuition tax deductible caught like wildfire. Now other candidates are using it. It shows the power of the message.
- It is good, forward-thinking policy in an ideas, 21st century economy.
- The Democrats need a provision that is clearly for the middle class in the Democratic tax bill.
- Since 1980, the cost of college tuition has increased faster than any other major consumer item – including health care which we all acknowledged as a cost crisis. Tuition has increased faster than inflation for 20 consecutive years.
- Only 14 of the top 50 universities (as listed in *U.S. News and World Report*) had college tuition of less than $12,000, and all but 4 of those colleges were less expensive than $12,000 for in-state students only.
- Targeted tax cuts are more popular than broad-based tax cuts.

United States Senate

WASHINGTON, DC 20510

June 24, 1999

The President
The White House
Washington, DC 20500

Dear Mr. President:

We respectfully request that you announce your intention, as soon as possible, to veto S. 1143, the Department of Transportation Appropriations bill for FY 2000, if Section 321 -- the so-called "transit equity" provision – remains in the bill.

This ill-considered, arbitrary, and punitive provision runs counter to the policy goals we shared with the Administration during last year's Transportation Equity Act for the 21st Century (TEA-21). The provision proposes a 12.5 percent cap on any state's share of Federal transit formula or discretionary funding in FY 2000. The provision would cost California $117.6 million in Federal transit aid in FY 2000 and New York $160.2 million. Regardless of their commitment to mass transit -- or need -- under this provision each state will receive $5.5 million of the Federal transit funds TEA-21 apportioned for New York and California in FY 2000.

California and New York, which comprise nearly 20 percent of the U.S. population and nearly 50 percent of nation's transit ridership, are the nation's most efficient users of Federal transit dollars and receive the lowest Federal subsidies per rider. This provision ignores each state's commitment to transit and each state's considerable need to provide real solutions to congestion and air quality problems.

There is not a single policy argument in favor of this provision. It is plunder, pure and simple. The Administration's significant policy achievements in last year's TEA-21 bill regarding congestion reduction, air quality improvement, and affordable transportation for the working poor are in jeopardy.

We intend to obstruct Senate action on the Transportation Appropriations bill if this cap remains in place. Please convey the Administration's commitment to a sound transportation policy by announcing you intention to veto a bill that includes this cap. The integrity of the Federal transit program and its needs-based approach again requires the leadership of your Administration.

Sincerely,

Daniel Patrick Moynihan

Dianne Feinstein

Charles E. Schumer

Barbara Boxer

CORPORATION
FOR NATIONAL
SERVICE

July 22, 1999 '99 JUL 23 AM10:18

MEMORANDUM TO THE PRESIDENT

From: Harris Wofford

Subject: Nominating Mark Gearan to the Corporation for National Service's Board of Directors

I write to recommend Mark Gearan for a position on the Board of Directors of the Corporation for National Service. I have been looking with great care for individuals who will add new dimensions to our Board, and I cannot think of anyone who would add more to our Board of Directors than Mark. I strongly recommend that you nominate Mark for a term on our Board.

You have known Mark longer and more closely than I, so I am certain that you appreciate even more than I why Mark would be an outstanding addition to our Board. The Peace Corps has been reinvigorated under his good leadership – it has grown in size, strength, and spirit. Naturally, having the former Director of the Peace Corps on our Board would further cement the relationship between the Peace Corps and Corporation, and more importantly emphasize the parallel natures of the Peace Corps and AmeriCorps. The ties between the two are very valuable to AmeriCorps.

As you know, one of the critical challenges facing the Corporation is to successfully communicate the importance of national service and the success of AmeriCorps. Mark's background in communications would be of great value to our Board and to our staff. His experience as chief executive of a similar organization will help the Board and me in guiding the Corporation. And as a sitting college president, Mark will undoubtedly help affirm the link between higher education and national service.

Given that Mark currently occupies a Senate-confirmed position, winning confirmation should be relatively easy and timely, which will help us fill vacant Board positions. In addition, Mark's excellent relations with Congress will redound to the benefit of the Corporation.

As a final note, this past spring Mark and I made a number of appearances together. I can tell you that there is no one who better understands your vision for national service and AmeriCorps or who is a more ardent advocate than Mark. For all these reasons, putting Mark on our Board would advance the cause of AmeriCorps and national service, now and in the years to come when you (and I) will not be in the present position to be its constant champion.

7/23/99

Sean -
Should we send to Podesta?
Yes ✓
No ___

Put on system/send to POTUS?
Yes ___
No ✓

cc: Podesta FYI

THE PRESIDENT HAS SEEN
7-23-99

copied
Ruff
Podesta

CRuff
Does this have
a chance to win?

B

PRESIDENT HAS SEEN
7-23-99

They fled their homes en masse in 1975, and Aipa Saesee spent the next five years stuck in the nether world of a refugee camp in Thailand that was every bit as backward as his village. He met his wife, Elaine, there, and eventually the Mormon Church came calling, offering a new life in Salt Lake City.

Saesee arrived with 12 other families in the spring of 1980. There was no snow on the ground and the Mormons couldn't have been more generous, handing out free beds, clothing, help with housing and toys for the kids. But some church members were less than patient with the Lahu's insistence on keeping a few of their old ways, and Saesee and the others bolted to a nearby Baptist Church.

"We liked Utah but that first winter was very harsh and the next winter was no better," he recalled. "We knew the Hmong had gone to Central California because it felt more like Laos, and we decided to join them."

What the Lahu didn't realize is that the San Joaquin Valley already housed too many poor and unskilled people, and entry level jobs existed almost entirely in the fields under the hot sun. Pruners and pickers and packers the Lahu were not. Farmers preferred veteran hands from Mexico who worked fast and didn't need any training.

Lahu Trace Their Roots to China
By Mark Arax
Los Angeles Times

One of the world's ancient tribes, the Lahu actually trace their roots to the Tibetan Plateau and China, where their clannish ways made them an object of ridicule and backlash centuries ago. The Lahu splintered into many smaller groups, hundreds of thousands staying behind in China and hundreds of thousands more beginning a long exodus across the Mekong River into the Golden Triangle of Burma, Laos and Thailand.

In the early 1900s, American Baptist missionaries in Burma made Christians out of whole villages of Lahu that practiced a blend of Buddhism and animism, a belief in spirits whose moods explained life's twists and turns.

In the mountains of Laos, however, the Lahu men continued to practice polygamy and marry girls as young as 11, fathering an average of seven children. It was the shaman and chief who reigned supreme .

NAFTA Case Outcome Would Have Wide Implications for Trade Policy
By Evelyn Iritani
Los Angeles Times

Trade advocates are bracing for a ruling by a federal judge in Alabama in a little-noticed lawsuit whose outcome could dramatically alter the way the United States has conducted its trade policy over four decades.

Sometime in the next few weeks, U.S. District Judge Robert Propst is expected to rule in a labor-backed lawsuit challenging the constitutionality of the landmark North American Free Trade Agreement. The case has attracted the attention of some of the nation's top legal scholars.

While a finding of unconstitutionality would not undo the 1993 pact, it could make it more difficult for the United States to commit itself to future international endeavors and cast doubt on the legitimacy of a host of other global agreements on the books, according to Bruce Ackerman, one of the nation's leading constitutional scholars.

"It would destabilize the existing system of international law," said the Yale University professor. "It would be difficult to declare NAFTA unconstitutional without calling into question our commitment to the WTO, the World Bank and many, many other economic arrangements."

Such a scenario would also put the United States in the uncomfortable position of being committed under international law to a trade agreement that its own courts had ruled in violation of its founding document.

"This is a Rod Serling plot," said Robert Stumberg, an international law expert at Georgetown University's Harrison Institute for Public Law. "We (would now have) entered the twilight zone where an agreement that is binding on the U.S. vis-a-vis the rest of the world cannot be enforced internally."

The case itself turns on the relatively narrow question of whether NAFTA, which links the economies of the United States, Canada and Mexico in a giant free-trade zone, is a trade agreement or a treaty.

That question has historically been decided on a case-by-case basis as legal scholars and politicians debated when a pact has a broad enough impact to meet the higher test of a treaty.

During the first 150 years of U.S. history, most of this country's major foreign policy commitments were forged through treaties, according to Ackerman. But after World War II, when international trade exploded, leaders began relying more heavily on some form of congressional-executive branch agreement rather than treaties to facilitate more commercial growth.

Between 1930 and 1992, the United States ratified 891 treaties and 13,178 international agreements, the government says.

The plaintiffs the Made in the USA Foundation, a coalition of domestic manufacturers and unions, and the United Steelworkers of America argue that NAFTA's scope qualifies it as a treaty that, under the U.S. Constitution, required ratification by a two-thirds vote of the Senate instead of the simple majority of both houses of Congress that favored it.

The Clinton administration insists NAFTA is not a treaty but a congressional executive agreement, a common tool in U.S. trade policy, that only requires the approval of a simple majority of both houses.

The administration maintains that even if the plaintiffs win their constitutional challenge, NAFTA would remain in place because the United States is bound under international law to honor its commitments to foreign governments.

"Under international law we are not allowed to say, 'Sorry Mexico, Sorry, Canada, we didn't do this right," Justice Department Attorney Martha Rubio argued in court earlier this year.

Given the stakes, a successful challenge to NAFTA is likely to be tied up in appeals for years as it wends its way to the Supreme Court, according to trade lawyers and to create a long period of uncertainty for U.S. trade policy.

This legal skirmish is just the latest effort by globalization critics to slow the Clinton administration's campaign to open markets around the world. With the U.S. trade deficit headed for another record year, unions and other groups are counting on lawsuits, shareholder activism and old-fashioned protests to draw attention to their concerns over job loss and erosion of national sovereignty.

In spite of the robust U.S. economy and near-record low unemployment, the Clinton administration has had a tough time convincing voters that free trade agreements like NAFTA are in their best interests.

The administration gives NAFTA credit for boosting trade between the United States and its NAFTA neighbors by more than 44 percent and creating at least 311,000 jobs. But the Made in the USA Foundation contends the trade agreement has cost more than 400,000 American jobs.

Last year, fierce grassroots resistance forced the White House to abandon an effort to gain the fast-track authority that would allow him to negotiate free trade agreements more easily. The administration is sending its top trade officials on a domestic roadshow to drum up support for launching a new round of trade liberalization talks at this fall's Seattle ministerial meeting of the WTO.

Joel Joseph, chairman and general counsel of the Made in the USA Foundation, argues Americans are growing more disillusioned about trade agreements because they have witnessed the dark side of globalism, from the Asian financial crisis to the stepped-up competition from low-cost competitors overseas.

He and his supporters are counting on a win in Alabama to boost their political leverage in an election year and put pressure on Congress to at least consider revising NAFTA to include greater protections for labor, the environment and consumer health and safety.

"NAFTA was not designed to benefit workers, it was designed to benefit corporations and financial institutions," said George Becker, president of the United Steelworkers, which claims more than 7,000 steel jobs have been lost because of NAFTA.

While the foundation's legal challenge has gained little notice on Main Street, it has become a cause celebre in legal circles because it has ignited a "battle of the stars" between Ackerman and Laurence Tribe of Harvard University, two of America's most prominent constitutional scholars.

Tribe, a longtime critic of U.S. trade agreements, supports the plaintiff's notion that NAFTA which regulates everything from investment rules to food safety and labor rights is a treaty and was therefore adopted in violation of the Constitution.

Palestinian Refugees Living in Limbo
By John Daniszewski

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Limits on Power and Zeal Hamper Firearms Agency

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By FOX BUTTERFIELD

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BALTIMORE — It was another routine transaction in the deadly business of how criminals get their guns.

In March 1998, a stranger paid 21-year-old Tia Branch $200, drove her to the Baltimore Gunsmith store near her housing project and showed her a $700 semiautomatic pistol he wanted. Outside the store, he gave her the money for the gun, and she went back in and bought it. As a convicted felon, he was barred by Federal law from buying a gun.

The sales clerk did not question the young woman, although law-enforcement officials say the clerk should have known from the couple's behavior that it was an illegal straw purchase. Baltimore Gunsmith has made so many similar sales, they say, that the store is responsible for selling 20 percent of the guns used in crimes that the Baltimore police have traced in the last nine years.

Police officers, Federal agents and prosecutors have tried numerous times, using existing gun laws, to shut the place down since 1991. Despite these efforts, it still remains open.

As Congress debates gun control, the gun industry and its supporters often say that the United States has enough gun laws already, that what is lacking is enforcement. But a review of cases like the Baltimore Gunsmith and of the agency charged with enforcing Federal gun laws, the Bureau of Alcohol, Tobacco and Firearms, reveals a much more complicated situation.

The bureau, an arm of the Treasury Department, was created with limited power, has existed under constant threat of attack by the National Rifle Association, has been kept short-staffed and has to enforce laws often written to make prosecutions difficult.

An examination of the bureau also shows a major distinction in its approach to the job. Historically, it has arrested a sizable number of criminals who use guns in robberies or drug sales, particularly career criminals with three or more convictions. These are considered safe cases that do not arouse N.R.A. opposition.

Until recently, the bureau has been less aggressive in what is now being recognized as a critical part of gun control: going after illegal gun traffickers and the small number of corrupt dealers, among the 104,855 federally licensed dealers, who supply guns to criminals and juveniles.

While half of all crime guns traced by the A.T.F. in the past two years were linked to just 389 dealers, only 42 dealers were recommended for prosecution last year, and only 19 had their licenses revoked.

"There is not a whole lot of vigor in gun enforcement," said Julius Wachtel, who retired last year after 23 years as a firearms agent. When it comes to investigating dealers, traffickers or gun shows, he said, the agents have a saying: "No cases, no waves. Little cases, little waves. Big cases, big waves. All those years of being hammered by Congress have had a chilling effect."

In an interview, John W. McGaw, the director of the A.T.F., acknowledged: "I virtually never use the term 'gun control' because that would make us anti-gun. Everything we touch is unpopular and controversial, so we have to be very careful to do what Congress has decided we should and be neutral regulators, not take sides in the gun debate."

Under Mr. McGaw, a former director of the Secret Service who became director of the A.T.F. in 1993 after the raid on the Branch Davidian compound near Waco, Tex., the number of gun trafficking cases recommended for prosecution rose to 788 in 1998, up from 533 in 1994.

In keeping with what Mr. McGaw sees as his Congressional mandate, he has formulated a policy of treating gun dealers as "partners," members of the legitimate firearms industry whom agents often rely on for tips on straw purchases or gun trafficking.

The bureau's small size — its 1,631 agents are only 9 more than in 1973 — means it sometimes must forgo investigations, prosecutors say. And the agents must spend much of their time investigating bombings and arsons, as well as enforcing the laws on alcohol and collecting tobacco taxes.

John W. McGaw, the A.T.F. director.

By comparison, the number of agents in the Drug Enforcement Administration has grown to 4,261 today, from 1,370 in 1973.

"This shows that Congress has never decided it is serious about going after gun trafficking the way it is about the war on drugs," said David Yassky, an assistant professor at Brooklyn Law School and a Democratic counsel to the House Judiciary Committee.

"With drugs, we've realized we've got to go all the way up the chain," Mr. Yassky said. "If all you do is arrest the crack addict, we won't get anywhere. But with guns, we only arrest the end user, the shooter."

Federal gun laws underscore the difference in priority between drugs, which are illegal to sell, possess and use, and guns, which start out as legal products, and illustrate the difficulty the bureau faces in pursuing gun control.

A dealer who sells 1,000 or more guns to criminals might get only six months in jail, but for drug dealers there are stiff mandatory minimum prison sentences of up to 25 years, even for selling small quantities.

Undercover purchases are a common tactic of drug agents, but under appellate courts' rulings, firearms agents may not pose as felons buying guns. Agents must use an actual convicted felon in undercover operations, which makes prosecution more difficult because juries are reluctant to believe convicted felons.

In addition, the Firearms Owners Protection Act of 1986, a law championed by the N.R.A. and sponsored by Senator James A. McClure, an Idaho Republican who has retired, and by Representative Harold L. Volkmer, a Missouri Democrat who lost his seat in 1996, raised barriers to prosecutions.

Mr. Volkmer, now living in Hannibal, Mo., said the law was still necessary to rein in what he sees as an overzealous Government agency. In the minds of firearms agents, Mr. Volkmer said: "It's almost like, if you are a gun owner or dealer, you're weird or not legitimate. They believe the only way to resolve violence is to take away our guns."

Mr. McClure did not return phone calls to his office or home seeking comment.

The Origins

From Moonshine To Gun Control

The law limited A.T.F. agents to only one inspection of a dealer a year, reduced record-keeping violations by a dealer from a felony to a misdemeanor — a disincentive for Federal prosecutors in cases where a dealer has forged or destroyed his records to hide evidence — and required prosecutors to prove that dealers who sold guns to criminals or straw purchasers did so "knowingly and willfully," a nearly insurmountable hurdle, lawyers say.

It also prohibited the A.T.F. from establishing any national system of gun registration, which makes tracing the origin of guns used in crimes much more difficult.

"The gun laws weren't very strong to start with," said William J. Vizzard, a retired firearms agent who is now a professor of criminal justice at California State University in Sacramento. "But after McClure-Volkmer they were Swiss cheese."

The firearms bureau's difficulties lie partly in its origins. It was created with little planning when Congress, after the assassinations of the Rev. Dr. Martin Luther King Jr. in April 1968 and of Senator Robert F. Kennedy two months later, hastily passed the Gun Control Act of 1968.

That law required that everybody dealing in firearms be licensed by the Federal Government, and it prohibited convicted felons, illegal immigrants and drug addicts from buying guns. The law gave the Government no power to regulate the manufacture, design or marketing of guns. Indeed, Representative John D. Dingell, a Michigan Democrat who was a member of the N.R.A. board of directors, had the gun industry exempted from the new Consumer Product Safety Commission.

The agency charged with supervising the 1968 law was the Alcohol and Tobacco Tax Division of the Treasury Department. Until 1968, its agents were mainly revenuers, famous in film lore for tracking down whisky stills, largely in the Southeast. Most of the agents themselves were Southerners who grew up with guns and were likely to be members of the N.R.A.; they had little interest in the new notion of gun control.

Mr. Wachtel, who joined the agency in Phoenix in 1972, the same year it was renamed the Bureau of Alcohol, Tobacco and Firearms, recalled that his first training officer "basically knew nothing about firearms trafficking."

But soon Mr. Wachtel and other new agents began making some alarming discoveries.

"We walked into gun shows and found you could buy a machine gun, which was illegal, without even having to give your name," Mr. Wachtel said. They also stumbled on dealers "who were putting guns on the streets without paper," he said, selling to criminals without keeping the required records. And Mr. Wachtel said they found that traffickers would buy guns in states with lax gun control laws, like Georgia or South Carolina, and then drive them north for resale to criminals in Washington or New York.

In short, by the late 1970's the new agents had an understanding of how guns moved quickly from manufacturers, wholesalers and dealers to criminals. But as they began to make criminal cases, gun industry supporters in Congress held angry hearings into alleged abuses of law-abiding gun owners and dealers.

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In 1981, President Ronald Reagan, at the urging of the N.R.A., announced the elimination of the A.T.F., and many agents were given layoff notices, until his Administration later reconsidered the action.

And in one of the most famous attacks on the A.T.F., Congressman Dingell, who was influential in the defeat of a gun-control bill in the House on June 18, called firearms agents "a jackbooted group of fascists who are perhaps as large a danger to American society as I could pick today."

In 1979, to protect itself against criticism of this kind, the A.T.F. ordered that any agent who wanted to investigate a gun dealer had to get permission from headquarters in Washington. This policy lasted until the Clinton Administration. Mr. Vizzard remembered "the chilling effect" when he received a reprimand because he was investigating three corrupt dealers concurrently.

David Kennedy, a senior researcher at the John F. Kennedy School of Government at Harvard University and director of the Boston Gun Project, the most successful citywide program to stop gun trafficking, said of the firearms agents: "These people are heroes, and the only fair thing to say is that they have been systematically kept away from doing a vitally important job."

The A.T.F. operates out of an unremarkable, granite-faced eight-story building in Washington. By mandate of Congress, 25 percent of the bureau's time must be spent on explosives, a priority that gained new urgency after the bombing of the Federal Building in Oklahoma City in 1995. The bombing was directed against the A.T.F. office there in retaliation for the bureau's role in the Branch Davidian raid near Waco.

After the Waco incident, Mr. McGaw, who was popular with Republicans, was appointed director of the A.T.F. He has emphasized training and professionalism as a way to recreate an agency that had its start in moonshine and to give it more of a buttoned-down image like that of the Secret Service or the Federal Bureau of Investigation.

Mr. McGaw's most important initiative has been to quadruple the number of crime guns the A.T.F. traces back to manufacturers and dealers, which has led to a much clearer understanding of the role of illegal dealers and traffickers in helping criminals get their guns. But to make the program more palatable to the N.R.A., which always worries about the Government's keeping information on guns, it has officially been described as an effort to stop the flow of guns to juveniles.

Mr. McGaw is not one to lead the call for new gun laws, and he makes no apologies for treating gun dealers as partners. Gun trafficking is a victimless crime, he says, where no one calls up to report an illegal sale, so the bureau depends on having good relations with dealers who can tip it off about suspicious activity.

Mr. McGaw said he was surprised when he took over the A.T.F. and found that all its functions "are negatives, are controversial." Even when it investigates white supremacist groups or the bombing of an abortion clinic, the bureau has drawn criticism.

So to avoid attacks on the bureau's budget, he tries to steer a course down the middle. "For our agents, some of the laws may be frustrations," he said, but he added that these impediments "tell us what Congress wants us to do."

The Problem

Quirks in the Law Help the Dealer

Law-enforcement officials first became interested in Baltimore Gunsmith in 1991 when Detective Ed Bochniak of the Baltimore Police Department went to the home of a drug dealer, Anthony Jones, 18, to investigate the fatal shooting of a 13-year-old girl in his bedroom.

In the Jones home, the police found receipts showing that Mr. Jones's cousin, Sheila Kelly, had bought eight guns for $5,274 from Baltimore Gunsmith, and Ms. Kelly later confessed that Mr. Jones had paid her to buy them. The guns included a .40-caliber Glock semiautomatic pistol, two 9-millimeter Glock semiautomatic pistols, a 9-millimeter Beretta semiautomatic pistol with a laser sight and a Cobray Streetsweeper shotgun. One of the pistols killed the 13-year-old; another had been used to shoot two drug dealers.

Detective Bochniak turned over the evidence to the A.T.F. office in Baltimore. But when firearms agents recommended prosecution to the United States Attorney's office in Baltimore, they were turned down.

A spokesman for the United States Attorney said he could not discuss the case because no prosecution had been made.

But agents involved in the investigation said they were told the prosecutor feared that the case would be nearly impossible to prove, given the quirks in the gun laws. Under the McClure-Volkmer standard, the agents would have to show that the owner, Anthony A. DiMartino, had sold the eight guns to Ms. Kelly knowing that she was a straw purchaser. In other words, they would have to prove his state of mind.

That would take valuable extra time, the agents were told, and even if by chance Mr. DiMartino was found guilty, the prison sentence would be only a few months, not the kind of high-profile case that ambitious Federal prosecutors usually seek.

With no trial, Baltimore Gunsmith kept selling hundreds of guns that turned up in crimes in the city, the police found, and the A.T.F.'s agents kept trying to catch Mr. DiMartino. In 1996 they mounted an undercover operation. They could not take the easy path, posing as felons, since Federal courts had ruled that the buyer must be an actual felon.

Instead, an agent posing as a waitress and equipped with a hidden tape recorder bought a .22-caliber Beretta pistol at the store, saying she was buying it for a convicted murderer whom Mr. DiMartino knew. Again, the United States Attorney's office declined to prosecute. Even if Mr. DiMartino was convicted, which would be difficult, he might simply transfer his firearms license to his son, who worked in the store, agents say the prosecutor's office told them.

Mr. DiMartino's license was up for renewal at the time. But Mike Campbell, a spokesman for the A.T.F. in Baltimore, said Federal law required the bureau to hold off on any revocation and automatically renew a license during a criminal investigation to insure citizens' rights.

Last March the agency scheduled a revocation hearing, but it was postponed when a firearms agent who had been part of the investigation could not attend because he had been transferred to another city. No new date has been set.

The lawyer for Baltimore Gunsmith, Richard Karceski, said his client had done nothing wrong.

The Blame

Finding Fault With Congress

James Baker, the chief lobbyist for the N.R.A., said that dealers who violate the law "ought to be prosecuted," but that the McClure-Volkmer standards "were put in to protect law-abiding people from well-documented abuses by A.T.F."

"We don't think forcing A.T.F. and the Justice Department to prove a case should prevent effective law enforcement," he said.

But Detective Bochniak, who is now assigned to a special new gun squad, said, "From the point of view of local law enforcement, all this is very frustrating. Whose fault is it? Should people sue the gun dealer, or the A.T.F. that failed to shut the store down?"

The fault, he said, is "in the law, and all the judges and politicians that don't take guns seriously."

Sometimes the oddities of the gun laws can mar even a successful prosecution.

B&E Guns, in Cypress, Calif., is the second largest dealer in the state. Firearms agents had long been suspicious about B&E Guns, and in 1990 they got the owner's license revoked for forging records of his purchases and sales. But that did not deter the owner, Robert Komor. He simply transferred the license to his wife, Esperanza Juan-Komor, said Tom Makar, the agent who handled the investigation.

In the mid-1990's, more than 200 guns that the A.T.F. had traced to B&E Guns began showing up in murders, robberies and shootings in Southern California. Other guns traced to B&E Guns were being smuggled into Japan and Australia.

The bureau raided B&E Guns, and after its agents pored through the shop's files they found that it had illegally sold about 9,000 guns in less than two years, Mr. Makar said. It was one of the biggest such sales in the United States. The store had improperly accounted for the sale of 3,000 of the guns by listing them as having been sold to other dealers who were unaware of the transactions. There were no records at all for the remaining 6,000 guns, Mr. Makar said, even though manufacturers and wholesalers reported that they had sold the guns to B&E.

It was lucrative, agents said, because a gun with no paper trail could be sold to criminals for double the normal markup.

Despite the seriousness of the case, the United States Attorney's office in Los Angeles last year allowed the Komors' son, Zak Komor, who was the store's manager, to plead guilty to only five counts of causing a false statement to be made in B&E's record books involving just 24 guns. He was sentenced to a year in prison. No one else was prosecuted, and the store is still open.

Michael Brush, Mr. Komor's lawyer, said the A.T.F.'s claim that 9,000 guns were involved was exaggerated. The Komors' mistake, he said, was just "sloppiness in record keeping, not an attempt to put guns in the hands of criminals."

The United States Attorney's office declined to answer questions about the deal, saying the court records were under seal. But several agents familiar with the case said they believed that prosecutors had simply run up against the McClure-Volkmer law, which reduced fraudulent record-keeping by a dealer to a misdemeanor.

Mr. Vizzard, the former A.T.F. agent in Sacramento, says the problems with gun control lie in Congress. He recalled that at Senate Judiciary Committee hearings in 1995 into the deadly standoff between Government agents and white separatists at Ruby Ridge, Idaho, a number of Senators, Democrats and Republicans alike, had grilled Herb Byerly, a firearms agent, on his decision to arrest Randy Weaver, a separatist, after Mr. Weaver had sold an informer two sawed-off shotguns and offered to sell him five more.

If Mr. Weaver had sold only two sawed-off shotguns, said Senator Arlen Specter, Republican of Pennsylvania, "It is a little hard to understand how you can say to this subcommittee that this man has a profile as a gun trafficker."

Watching the hearings on television, Mr. Vizzard said he wondered if Congress took gun crimes seriously. For one thing, selling or even possessing an unregistered sawed-off shotgun is a felony. But what would the Senators have said, he wondered, if it had been a young boy selling just two vials of crack cocaine? That is punishable by years in prison.

And what would the Senators say now, after the shootings at Columbine High School in Littleton, Colo., last April? Two of the four guns the teen-age killers used — and the ones that claimed the most victims — were sawed-off shotguns. Would the Senators still say, Mr. Vizzard wondered, "only two sawed-off shotguns?"

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Gun Accord In New York Could Set U.S. Standard

By BARRY MEIER

If New York's State Attorney General, Eliot L. Spitzer, sues the gun industry as he has threatened, he will simply join a long line of 23 cities and counties that have already done so.

But if Mr. Spitzer succeeds in striking a deal with some firearms producers over issues like the way they monitor gun distribution, then New York will score a first that could set a national standard.

There is no assurance that the talks Mr. Spitzer began recently with two gun makers and a trade group will succeed, and one person involved in the talks said he expected them to move ahead or to collapse quickly. And in the broadest sense, the New York talks may prove to be only another in a series of stillborn efforts to settle the growing wave of lawsuits against gun makers.

Still, officials in other cities who have sued the gun industry said yesterday they were pleased because the talks might lead to a break in that logjam of litigation.

"I think it is a positive sign that some members of the gun industry are willing to talk," said Louise Renne, the city attorney of San Francisco, which along with more than a dozen California cities sued gun makers this spring.

Most of the suits accuse gun companies of negligently marketing guns by failing to impose proper control over distributors and dealers. As a result, those lawsuits charge, guns easily fall into criminal hands. Gun makers have denied the charges.

The New York lawsuit has yet to be filed. But under discussion in the talks are a number of issues aimed at tightening how guns are marketed and sold.

One proposal long championed by some gun control advocates would involve the appointment of an independent monitor, either by a court or through an agreement between the state and the industry, who would review the distribution of guns.

That monitor would then identify companies, distributors and dealers who were failing to keep guns from being sold to people planning to resell them to criminals or other prohibited buyers like teen-agers.

Mr. Spitzer's office is also pressing makers to start test-firing their guns before they ship them, then submit the cartridge casings and bullets to the Federal Bureau of Alcohol, Tobacco and Firearms, the agency that regulates the manufacture and sale of weapons.

The agency could then use the unique markings on those casings and bullets to identify a gun used in a crime.

The talks apparently began in recent days when Mr. Spitzer's office contacted Colt's Manufacturing, one of the country's largest firearms producers. Richard Esposito, a consultant to Colt, said the "company had been invited to a meeting" with Mr. Spitzer.

From there, an industry trade group, the National Shooting Sports Foundation, was brought in because Colt's felt it was inappropriate for one company to talk separately with Mr. Spitzer, according to two people, one who took part in the talks and one who had been briefed about them. Robert Delfay, the president of the group, has declined to confirm or deny that a meeting with Mr. Spitzer took place.

A representative of Smith & Wesson, the largest gun maker in the country, also met with Mr. Spitzer's aides, said one person who had been briefed about the talks. Kenneth Jorgensen, a spokesman for the firearms producer, said he was not aware that anyone at the company had talked with Mr. Spitzer.

John Coale, a lawyer in Washington who is involved with five cities suing gun makers, including New Orleans and Bridgeport, Conn., said he believed that Mr. Spitzer's talks would be important only if they produce some agreement, since some of the issues in the New York talks have already been the subject of failed discussions between his group and gun industry representatives.

As recently as 10 days ago, for example, Mr. Coale said he met with Mr. Delfay, the president of the industry trade group, to discuss settlement-related issues.

"We have been looking at the issue of global talks and how to get everybody in the same room," Mr. Coale said. The agenda included issues like better distribution controls and tighter oversight on how many guns a customer can buy each day.

Mr. Coale also said one gun maker, Glock Inc., was moving close to adopting the type of bullet tracing system that Mr. Spitzer was proposing all gun makers adopt.

In a telephone interview, Mr. Delfay acknowledged that those talks had taken place. Paul Jannuzzo, a lawyer for Glock, did not return a phone call seeking comment.

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Cream in Labor Market's Churn

Why Job Losses Are Rising Amid Job Hunters' Nirvana

By MICHAEL M. WEINSTEIN

Economic Scene

At a time when joblessness has fallen to just 4.3 percent of the work force and employers are loudly complaining about labor shortages, companies are also announcing record numbers of layoffs. It doesn't seem to make sense, does it?

Yesterday, for example, **Eastman Kodak** disclosed plans to cut up to 2,500 more jobs on top of the 17,700 it had already planned to eliminate by the end of the year. Not long ago, **Procter & Gamble** announced a mass layoff of about 15,000, with 2,400 in North America, as it reorganizes its worldwide operations.

And **Levi Strauss**, fighting off competition from makers of cheaper jeans, said this year that it would close half of its manufacturing plants in the United States and Canada, moving work overseas and laying off 5,900 workers.

Indeed, according to the widely followed monthly surveys by **Challenger, Gray & Christmas**, an international outplacement firm, layoff announcements in the first half of this year are running about 40 percent higher than 1998, which was a record year.

Why are the Challenger surveys picking up rising layoffs at a time that unemployment hovers near a 30-year low? On the surface, it seems paradoxical.

But economists and labor market analysts, including those at Challenger itself, say it is not contradictory at all.

"Job creation will far outdistance automation and job destruction," explained John Challenger, the firm's chief executive. "Sometimes a company must take a step backward by cutting part of its labor force in one area in an effort to move two steps forward into more profitable areas of development."

So, though layoffs tend to attract more attention during periods of economic stress, they can often signal economic vitality and long-term willingness to create jobs, even as they temporarily victimize some workers.

Take the case of **AT&T**, which announced in early 1996 that it would lay off 40,000 workers. Not long afterward, the company ended up hiring enough new people — in providing wireless and local telephone services and running telecommunications systems for major corporations — that by the end of 1996 its total employment had hardly budged. AT&T continues to lay off workers in some of its divisions even as its adds workers to others, like its new cable operations.

A tip that layoffs are not necessarily sinister or a sign of weakness comes from looking at the industries that have been hit hardest. In April, the computer industry — hardly anyone's candidate as a troubled sector — announced the most job cuts that month, more than 10,000. Electronics, another high-technology star, was second, with 8,900. According to the Challenger survey, between 1993 and 1998 the computer industry announced almost 273,000 job cuts, about the same as retail trade and second only to the aerospace-military industry.

More broadly, the Challenger data need to be put into the context of a labor market that is constantly churning.

Challenger says announced layoffs are running at about 60,000 a month. That might seem like a lot. But set it against another, truly startling, number: 13 million workers change their employment status in a typical month, according to the Bureau of Labor Statistics.

On average, that means that 13 million Americans leave home or school to enter the labor force, exit the labor force without looking for new work, find new work after a spell of unemployment or search for work after they quit or are dismissed or laid off — every month. Seen in the context of that enormous number of job changes that take place every month,. the Challenger numbers barely register as a blip.

Actually, the 13 million figure is an underestimate of labor market churning. For it takes no account of workers who manage to change employers within a month. Nor does it include workers who change jobs within the same company.

Officials at the Labor Department estimate that 40 percent of the work force, or roughly 50 million workers, changes jobs within a year. In manufacturing alone, Prof. Steven Davis, a labor economist at the University of Chicago, estimates that 10 percent to 12 percent of jobs disappear in a typical year, a number that has not changed in decades.

Finally, careful scrutiny of Government data suggests that Challenger's surveys might not accurately track the number of actual layoffs taking place throughout the economy.

The Challenger surveys draw rapt attention because they are the only data available monthly, providing the only instant barometer of corporate layoffs. The question is how representative the announcements of layoffs are of actual layoffs.

For one thing, the surveys might be biased toward large companies, since they are the only ones that are required by law to announce plant closings and large layoffs ahead of time. Further, some job cuts are achieved through attrition rather than through actual layoffs.

The Labor Department does collect data every two years on displaced workers — workers who lose their jobs because plants close or move, or because sales fall. Once collected and analyzed, the Government's data, drawn from the entire economy, have shown that the actual number of job losses was significantly greater than those picked up by Challenger's more limited surveys. That is unsurprising.

But the Government data also show that job losses have been steadily falling over the last few years, the opposite of the trend in the Challenger data. Professor Davis says the Government's data differ from Challenger's because Challenger appears to capture "only the tip of an iceberg."

According to the Labor Department, the portion of nonagricultural private workers with at least three years' tenure who were displaced during 1995 and 1996 fell to 3.8 percent. The figure for 1993 and 1994 was 4.4 percent. The 14 percent drop indicates job cuts were falling at least through 1996.

Another indication of the trend in job losses comes from Government surveys of unemployed workers who report they lost their jobs. The number has been falling — to 2.7 million last month from 2.8 million in June 1998, and 3.1 million in June 1997 — even though the size of the labor force grew by about 4 million during that two-year period.

Layoffs fuel fears, expressed throughout the 1990's, that corporate downsizing has been ripping workers from the security of long-term employment relationships. But a careful sifting of the numbers does not lend support to that anxiety.

Prof. Henry Farber, an economist at Princeton University, calculates that about 13 percent of the work force was displaced from jobs between 1991 and 1993. That compares with 15 percent between 1993 and 1995 and 12 percent between 1995 and 1997. His estimates are far higher than the Government's in part because he does not limit his sample to workers who have been working at least three years for their current employers.

Professor Farber says his data suggest that "somewhat more jobs were lost in the recent expansion than at similar points in the expansion of the late 1980's."

"The reasons are unclear," he added in a recent interview. "But the evidence is that workers are now coping better, and a higher fraction can find jobs. Also, the average wage loss by displaced workers is smaller than it used to be."

Of the workers who lost jobs between 1995 and 1997, about 75 percent were employed as of February 1998, compared with 65 percent for the 1993-1995 period. "None of these changes, however, is dramatic," Professor Farber said.

He says that despite the public focus on downsizing, there has been no substantial decline in job security in the 1990's. "Long-term employment is still an important phenomenon in the U.S. economy," he added.

He says that 35 percent to 40 percent of workers at least 35 years old have been with their current employers more than 10 years. These long-term relationships exist alongside the tremendous churning that characterizes the rest of the labor force.

Some workers, especially the young, change jobs rapidly — at least until they find the occupations and employers they want for the long haul. Some industries, like fast-food restaurants, foster short-term employment. So the economy creates substantial numbers of long-term and short-term jobs.

The upshot is that layoffs remain high by historical standards. But job creation remains far higher.

The New York Times
THURSDAY, JULY 22, 1999

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THE PRESIDENT HAS SEEN
7/23/99

LINGG BREWER
68TH DISTRICT
STATE CAPITOL
LANSING, MICHIGAN 48913
(517) 373-1770

STATE OF MICHIGAN
HOUSE OF REPRESENTATIVES

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July 22, 1999

Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear President Clinton:

This letter is a request for the United States government to take over production at the privatized anthrax-vaccine facility in Lansing, Michigan because of the likelihood of default on payments to the State of Michigan. Also, there is a real possibility that the private laboratory may never be capable of production because of technical and financial deficiencies.

The State of Michigan recently privatized the nation's only anthrax vaccine-producing laboratory. Private investors, including the former Joint Chiefs of Staff Chair, Adm. William J. Crowe, purchased the laboratory under the name of BioPort Corporation, in September 1998. Inasmuch as the Food and Drug Administration has cited the facility many times since 1990 because of its quality control deficiencies and violations of good management practices, it was closed in March 1998, to make $16.8 million in renovations and expansion. The United States Department of Defense funded this activity.

DoD awarded a $29 million contract to BioPort to produce anthrax vaccine in September 1998, on a sole source basis. There are questions about whether DoD misjudged the financial and technical capabilities of BioPort in producing the vaccine. In a Congressional inquiry, it was determined that BioPort's abilities to produce its contractually agreed upon product are in doubt.

There is a cash flow crisis. BioPort failed to make its down payment of $3.5 million to the State of Michigan, and will likely not make its first installment of $8.8 million at the end of August. They have requested emergency assistance and major contract modifications, including payment of $10 million in advance, a significant price per dose increase, and use of DoD equipment to produce additional vaccines for sale to others. FDA compliance requirements and plant renovations have delayed resumption of vaccine production, and BioPort has not complied with its promise to institute required cost accounting systems.

Thank you for your consideration of this request.

Sincerely,

Lingg Brewer
State Representative

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HOUSE OF REPRESENTATIVES
68TH DISTRICT
LINGG BREWER
STATE CAPITOL
LANSING, MICHIGAN 48913

Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
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7-22-99

Overhaul of Organ-Donation System Supported by White House Gets a Boost

By LAURIE MCGINLEY
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—A federal advisory committee called for wider geographic sharing of livers and other organs, bolstering Clinton administration efforts to overhaul the current system to steer more organs to sicker patients.

The prestigious Institute of Medicine, in a report requested by Congress, said that broader sharing would result in more organs being transplanted into patients who are the most gravely ill, and thus save lives. These are patients who are listed as status 1 or 2a, meaning they have less than a week to live because of acute or chronic liver failure. At the same time, fewer organs would be steered toward patients who aren't as sick and whose survival is less dependent upon receiving an organ.

The report by the institute, which is an arm of the National Academy of Sciences, is the latest development in the emotionally charged issue of how to divvy up the inadequate supply of organs for transplants. Last year, about 21,000 people received an organ transplant, but 4,000 patients died awaiting one. About 62,000 people currently are on waiting lists.

"The current system of organ procurement and allocation works reasonably well, but significant improvements in both its fairness and its effectiveness could be made," said Edward Penhoet of the University of California at Berkeley, who headed the institute's advisory panel.

In April 1998, the Department of Health and Human Services, decrying a wide variation in waiting times across the country, issued a regulation requiring much broader sharing of organs. The aim of the regulations, which were supposed to take effect last October, was to ensure that the patients with the most urgent medical needs got the organs first. A battle ensued, with small transplant centers and the United Network for Organ Sharing, the federal contractor for the organ-transplant system, opposing the regulations. Last fall, Congress decided to delay the rules for a year.

The advisory panel, while not endorsing the HHS rules, recommended that, for livers, "organ allocation areas" be created that would serve at least nine million people; within those areas, patients with the more urgent medical needs would get the livers first. UNOS is already moving toward wider organ sharing for the sickest patients, but the panel recommendation goes further.

HHS Secretary Donna Shalala applauded the recommendation, saying that broader organ sharing "is at the heart of the regulations we have issued."

Still, UNOS found some things to cheer in the report—notably, the committee's conclusion that the wide variation in waiting times wasn't a reliable indication of whether the system was working. In fact, the panel found, the sickest patients wait the same amount of time for organs, no matter where they live. "UNOS is really heartened to read this report," said Margo Akerman, a vice president of UNOS.

But the report found that the system is less fair for less critically ill patients and that there was "no credible evidence" that smaller transplant centers would be hurt by broader sharing. The report also recommended much more stringent federal oversight of the system, something UNOS has resisted.

THE WALL STREET JOURNAL
WEDNESDAY, JULY 21, 1999

NEIL W. OSTERGREN

'99 JUL 22 PM5:29

FAX

TO: Betty Currie

FROM: Neil Ostergren

DATE: 7/22

7-22-99
To Burkhardt
for Reply
yes —
no —

SUBJECT:

Number of Pages (Including Cover Page): 3

Letter Follows

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HSMAI

NEIL W. OSTERGREN

July 21, 1999

President Bill Clinton
The White House
Washington, DC

Dear Mr. President:

We have corresponded a number of times over the last five years but our past correspondence has been about your appointment of me as a delegate to the White House Conference on Travel and Tourism and my role in that conference, other activities and programs related to the hospitality industry, the untimely death of Ron Brown, and other issues affecting your administration.

I am writing you today on yet another subject which is to thank you for your public statements on the tragedy of this past weekend. I also want to thank you for the role you have played in the effort now being made to locate the plane and the remains of John Kennedy, Jr, his wife, Carolyn, and her sister, Lauren Bassette.

I did not have the good fortune to know John as you did but I did have the opportunity to speak with him on several occasions regarding the renovation and rededication of Grand Central Terminal which was saved in large part due to the role played by his mother. She led an effort in which I personally was also a bit player in the successful effort to save the building. In our last conversation, John told me again how much he appreciated the support those of us involved in that effort had given his mother. And he knew that several years earlier following his mother's death I had urged the chairman of New York's Metropolitan Transportation Authority to erect a plaque of recognition in her honor.

The country has now lost someone else who was special and we will never know just what John might have accomplished. But we are all better off for his being with us if only for such a short period of time. And I thank you for the gracious words in the statements you have made on behalf of the entire country during this very difficult period not only for the Kennedy and Bessette families but for the rest of us as well..

Cordially,

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ew York, NY 10017
one: 212.986.3333
x: 212.986.3484
nail: nwo@banet.net

HSMAI
Past President

NEIL W. OSTERGREN

July 22, 1999

Dear Mr. President:

Further to my letter which was faxed to your office yesterday, I want to thank you for your decision to extend the recovery operation for the Kennedy plane and its occupants by "a few days." If you had not done so, the wreckage and bodies would likely never have been found. It was important that the tragic deaths of John F. Kennedy, Jr., and his wife and sister-in-law, be brought to closure. That is now possible because of your action. As you stated during your press conference yesterday, the fact that John was the son of a former president, and a martyred one, called for as long and complete a recovery search as possible. The Kennedy family has given the country so much over the years but it has also suffered more than many other families and it has paid a heavy price with its losses. Therefore, extending the search by a few days was certainly the correct decision.

I also want to thank you and Mrs. Clinton for representing the American people at the private memorial service for John and Carolyn tomorrow here in New York.

Cordially,

Neil Ostergren

President Bill Clinton
The White House
Washington, DC

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HSMAI
Past President

FROM THE OFFICE OF GEORGE SOROS

888 Seventh Avenue, Suite 3300
New York, New York 10106
Tel: (212) 397 5550
Fax: (212) 977 4057

To:	**The Honorable William Jefferson Clinton**
At:	**The White House**
Fax #:	**(202) 456 1210**
From:	**George Soros**
Date:	**July 21, 1999**
Total:	**12 (including this cover sheet)**

7-22-99

Send to
NSC Yes ✓ No
Scheduling Yes No ✓
Burkhardt (for reply) Yes No ✓
Who else?

Keep copy - back to me Carl

Please distribute the Pres
I imagine would want to see before he goes
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GEORGE SOROS

136 CANTITOE STREET
KATONAH, NEW YORK 10536

July 21, 1999

The Honorable William Jefferson Clinton
President of the United States of America
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Clinton:

In preparation for your trip to Sarajevo I am sending you herewith an elaboration of my ideas for South East Europe. It was prepared in cooperation with a group of independent think tanks in the region.

I think you will agree that this is the way forward. I hope you will indorse it in Sarajevo, so it will form the basis for the working tables of the Stability Pact. I am ready to provide any support I can, including, if you wish, going with you to Sarajevo.

With best wishes.

Sincerely yours,

George Soros

Cc: The Honorable Madeleine K. Albright
Ambassador Richard C. Holbrooke

Declaration of the *"Europa South-East"* policy forum on the Stability Pact

Ljubljana, 18-20 July 1999

Objectives and method

1. ***Constitution of "Europa South-East".*** We, representatives of 25 independent policy institutes of South-East Europe, working in cooperation with the Centre for European Policy Studies (CEPS) in Brussels and the network of Open Society Foundations, meeting on 18-20 July 1999 in Ljubljana, have constituted the *"Europa South-East"* policy forum.

2. ***Aim: European integration.*** Our aim is to contribute to the full integration of the whole of South-East Europe (including Moldova) into the European Union (EU). We advocate for our countries accelerated political and economic reforms in the aftermath of war, assuming that the European Union itself makes radical moves in its policies to support the process. Slovenia and Turkey, also members of the Stability Pact and candidates for full accession to the EU, will actively participate in this process.

It is good that the war over Kosovo has ended. But this will not now give way automatically to a positive new era. Without a comprehensive and fresh policy approach the best outcome will be stalemate and stagnation, the worst a continuous descent into renewed conflict, chaos and impoverishment.

3. ***Stability Pact.*** We welcome the decision by the EU at the highest level in initiating and leading the implementation of the Stability Pact. Our aim is to offer substance to go into this framework, having in mind the summit meeting of the Stability Pact due to take place in Sarajevo on 30 July 1999.

4. ***Bench-mark time-tables: 1.1.2000 and 1.1.2003.*** To give immediacy and tangible political perspectives, we propose that these two dates be the occasions to accumulate multiple decisions and targets for action. By 1.1.2000 the new strategy should be set in motion. By 1.1.2003 there should be major achievements. There will of course be many differences in detailed timetables by country. We give examples below.

5. ***Method.*** We adopt a three-step action plan for our own work:

5.1 *Blueprint.* We have adopted the recent CEPS paper as our starting point, and elaborated on it.[1] We submit this and the present paper for consideration by the Stability Pact and its Working Tables.

5.2 *National strategies.* Our institutes are preparing proposed national strategies, each for their own country, but in cooperation with each other. We intend to submit a consolidated document in October to our governments and the Stability Pact and its Working Tables.

5.3 *Momentum.* We shall endeavour to create in our countries a momentum of awareness and support for both the regional and national strategies. If at last the whole region were to work constructively together towards shared goals, united also in the drive towards EU integration, then a mutually reinforcing virtuous circle could be initiated, with surprisingly rewarding results.

Policies and structures

6. ***Trade and market policies.*** We refine the CEPS proposals as follows:

6.1 *Free trade within the region.* This should be generalised on 1.1.2000 multilaterally between all countries of the region.

6.2 *Zero tariffs on EU imports from region.* The EU should generalise on 1.1.2000 its zero-tariff regime for imports of industrial products from all countries of the region.

6.3 *Zero tariffs on region's imports from EU.* Countries of the region not yet in free trade with the EU should make four equal tariff reductions of one quarter on all imports from the EU on 1.1.2000, 1.1.2001, 1.1.2002 and 1.1.2003.

6.4 *Agricultural produce.* There should be balanced agricultural concessions from 1.1.2000 to accommodate a substantial expansion of exports to the EU (e.g. quotas at the level of only 1% of EU production would give ample room as current agricultural exports of the former Yugoslavia and Albania amount to 0.01% of EU production, whereas the EU exports to them are twenty times as much).

[1] *"A System for Post-War South-East Europe"*, Working Document No 131, Centre for European Policy Studies, Brussels, May 1999 (accessible at *http://www.ceps.be*)

6.5 *Free trade effective on 1.1.2003.* Thus the whole of South-East Europe would effectively be joined in a multilateral free trade area comprising the EU, EFTA, CEFTA, and all accession candidate countries including Turkey.

6.6 *Compensation for loss of customs revenues.* Countries with extremely weak tax resources would receive budget grants from the EU to compensate for the early dismantling of tariffs. This exceptional assistance would be conditional on willingness by the country in question to accept joint control with the EU over customs and port facilities, so as to cut out frontier corruption and trafficking. Such budgetary grants would also be associated with macroeconomic policy surveillance and conditionality.

6.7 *Custom union.* We would also propose to go an important step further on 1.1.2003, to unite the whole of South-East Europe with the existing customs union of EU and Turkey. This means adoption of the Common External Tariff of the EU. For this enlarged customs union to be ready technically by 1.1.2003 it is essential that preparatory work begin already from 1.1.2000.

6.8 *Single market.* Countries of the region which are not yet candidates for full accession to the EU would be invited none the less to align their domestic market reform and transition programmes to the maximum degree on the norms and legislation of the single market of the EU, leading to a "European Economic Area - Mark II", independently of the question of full membership of the EU.

7. Monetary regimes. The euro is surely going to become, sooner or later, a key element in the monetary stabilisation of the region. We advocate advancing this with the following concrete steps:

7.1 *Radical banking reform.* Radical reform and opening of the banking and payments systems coupled with support for regulatory and supervisory functions by the EU will be another key element in fighting corruption and diminishing the influence of the anti-reformist power structures.

7.2 *Euro-DM currency board.* This type of monetary regime could be adopted, from 1.1.2000, by the weakest entities of the region, with the initial required back-up of foreign exchange reserves provided by a loan from the EU where needed, conditional on the banking reforms mentioned above. Such regimes already operate in Bulgaria and Bosnia, but in the latter the full benefits of this monetary regime have not been reaped because of delays in banking reforms.

7.3 *"European Monetary Association Agreement".* Starting from 1.1.2000, preparatory work would begin on the design of a new category of monetary agreements for those countries interested in going beyond the currency board to full euro-isation. This would be particularly appropriate for countries that do not intend to leave their currency board arrangement before joining the euro area in full, and should lead to substantial savings through lower risk premia. Details to be clarified include the reimbursement by the EU of the seigniorage and adoption of EU norms of banking supervision.

7.4 *Full euro-isation.* From 1.1.2003, full adoption of the euro, either under new "European Monetary Association Agreements" for countries not yet full member states, or as full EU member states (e.g. maybe Slovenia).

8. *Reconstruction and investment.*

8.1 *Reconstruction of Kosovo.* We welcome the swift setting up by the EU of the European Agency for Reconstruction (EAfR) for Kosovo, with substantial grant funding. However, the example of Bosnia shows that this initial physical repair work will not alone assure sustained economic growth, this requiring also development of human resources and sound economic ground rules. And the region has to be considered as a whole.

8.2. *South-East European Infrastructure Initiative.* We therefore advocate that the EAfR operation form part of a wider initiative for the whole region:
- *immediate priorities*, e.g. bridges across the Danube (connecting Bulgaria and Romania, transit through FR Yugoslavia - see Annex);
- *organise financing capacities.* Between them the European Investment Bank, EBRD and IBRD have vast resources to finance the pan-European corridors for transport, energy and telecommunication networks;
- *jump to modern standards*. The objective would be to organise not just the repair of damaged infrastructures and the building of new alternative infrastructure networks, but to jump to modern standards of public/private partnership (PPP) for the management of the main economic infrastructure networks (ports/airports, rail networks, road systems, rail/road mass transit services, energy transmission and telecommunication network); and the "build-operate-transfer" method (BOT), which allow for temporary title to be held by investors in assets, with subsequent reversion to public authorities.
- *a regulatory authority,* to which governments may voluntarily grant powers to set standards, to manage privatisation actions, and award and regulate new concessions. Operating across the region, this would, for example, take on the problems of the break-up and dilapidation of the former Yugoslav networks.

8.3 *Investment climate.* The vital need is for clear and clean ground-rules for economic agents. This is why free trade across corruption free frontiers, sound money and banks with access to international capital, efficient economic infrastructures, law and order in business relations and stable democratic government are all fundamental. Every country should initiate comprehensive anti-corruption programmes (e.g. as in Bulgaria). If these conditions are implemented, investment and growth will follow.

8.4 *Investment guarantees.* The Multilateral Investment Guarantee Agency of the World Bank group should be invited to make a general assessment of the needs of the region, and how existing national and international facilities could be strengthened to boost foreign investment in the region.

8.5 *SME finance.* There should be a priority for global loans from EIB/EBRD/IBRD/IFC to financial intermediaries to on-lend micro loans to small and medium sized enterprises. However, this will work only if the appropriate investment climate and infrastructure are in place.

8.6 *Local procurement.* Business cooperation initiatives should be organised to ensure that enterprises of the region participate to the maximum extent in tendering and procurement, including through joint ventures with EU firms.

8.7 *Environment.* A new "Environmental Partnership for South-East Europe" should address current environmental priorities including those due to the war.

9. Social safety net.

9.1 *Priorities.* There are now three major priority categories, each requiring specific methods, if economic reform is to proceed under conditions of political stability:
- refugees and internally displaced persons,
- persons unemployed or disabled through the ravages of war,
- those unemployed due to the transition to the market economy.

9.2 *Instruments.* Where national social policies are inadequate there has to be reliance on:
- UNHCR for emergency operations for refugees, often lasting however for years;
- the World Bank, which has considerable experience of sector specific restructuring programmes;
- EU, whose Social Fund has long experience within the EU of retraining and job-creation schemes for areas badly hit by industrial restructuring, but little yet outside. The EU should prepare wider use of such mechanisms in the region in the framework of its strategy for the whole of the region, including its pre-accession strategies, adapted however with suitable mechanisms for selection of local partners and control, so to overcome weaknesses of national administrations.

10. Democracy, civil society and education.

10.1 *Norms.* Membership of the Council of Europe, accession to its Convention on Human Rights and implementation in practice of its political and human rights codes are necessary steps for integration with the EU (see below on conditionality).

10.2 *Needs.* The legacy of communism and the disintegration of Yugoslavia have produced tremendous political and social needs, which cannot be met without outside assistance. Existing programmes of the EU, such as Phare, are not so appropriate to the extent that government-to-government methods cannot go to the heart of the matter. The need is to strengthen a wide range of appropriate institutions and organisations, including independent judiciaries and media, political parties, local government, health care and educational institutions. Detailed need assessments will be prepared.

10.3 *Mechanisms*. There has already been a considerable development of private initiatives in this area. The needs are however on such a scale that these efforts should be strengthened by a new grant-giving organisation directed at the region. We suggest therefore a broadly based South-East European Foundation for Democracy. This would receive funds primarily from the EU budget, but also include the United States, other bilateral donors and private funders.

10.4 *Operating priorities*. Grants would be given to governmental bodies, local governments and non-governmental organisations in the region. Allocations would be made on the ability to perform. The budgetary allocation would be for the whole of the region, without fixed quotas by country. This would provide an appropriate incentive for performance. Western recipients would qualify only to the extent needed to support local initiatives. Partnerships between civil society and governments would be encouraged (the Albanian Educational Development Programme can serve as an example). The emergence of regional civil society structures should be among the priorities of the grant-giving. This approach will eliminate many but not all of the unintended adverse consequences of international assistance programmes, reducing political meddling and corruption and making the process more competitive.

10.5 *Other mechanisms*. Diversity of initiatives are the hall-mark of this wide field. The EU should allocate resources to vital regional programmes in educational cooperation at all levels, including revision of curricula and renewal of textbooks (especially on the region's history). We highlight the value of regional educational institutions, which form new European elites, so important for South East Europe. The Central European University and American University in Bulgaria are good examples; as also the College of Europe, for which we recommend establishment of a third campus, to be located in the region.

11. Budgets and financing.

11.1 *Budget financing*. As the main sponsor of South-East Europe, the EU will be the leading financier. The CEPS paper suggested $5 billion a year of budgetary expenditure per annum for the "5" countries of the former Yugoslavia and Albania for five years, scaled on the efforts planned for EU accession candidate countries. This amount, 5% of the EU budget total, could be accomodated within the maximum limit for the EU budget identified in the "Agenda 2000" decisions of the Berlin summit. There would also be grant contributions on a smaller scale from the US and other bilateral donors.

11.2 *Capital financing*. Here the European Investment Bank, the World Bank and EBRD would be the main public sector financiers. We are aware of the work now under way jointly by the World Bank and the EU Commission to evaluate both war damage and needs for sustainable development. Financing from these three institutions might amount to about $3-4 billion per annum for the whole of the region. However, purely private investment, banking, security markets and guaranteed trade credits would become the most important source of capital, as long as the investment climate is dramatically improved (section 8 above).

12. Military and civilian security.

12.1 *New situation for military security system.* The security system - of alliances, guarantees and partnerships - for South-East Europe needs to be radically re-considered, in the light of the recent war. In particular we look forward to a new political regime in Belgrade that accepts modern European norms. When this occurs it will be possible to design a new system on an all-inclusive and equal basis for all countries of the region, integrated with OSCE, NATO and EU structures.

12.2 *Working group on a future system.* The institutes for strategic and security studies among us are therefore setting up a working group to explore ideas for a desirable future security system.

12.3 *Police cooperation.* As the SFOR and KFOR operations should wind down in due course, there will be phased transfer to heavy policing operations. Elsewhere in the region there will be surely many different demands for police cooperation, ranging from the example of customs and ports (point 6.6 above) to training and exchange programmes to cooperation with Europol. These should be negotiated in "Special Security Agreements" between the EU (new 3rd pillar competences) and individual countries of the region.

12.4 *Judiciary cooperation.* The independence of the judiciary is not adequately assured in some parts of the region, and should be supported institutionally (e.g. EU participation in selection procedures for judges) and through training and exchange programmes with the EU.

12.5 *Immigration and visa rules.* The aim should be for all countries to aspire to, and prepare to qualify for visa-free travel, and, when full accession candidates, for the Schengen system of frontier free travel. The EU should show openness to exploring a widening of categories for visa-free travel. The easing of EU visa restrictions would however depend on the performance of individual countries over their border controls and security policies.

13. Conditionality and engagement.

13.1 *Unconditional.* Some policies and categories of assistance should be offered to all countries, including the present FR Yugoslavia:
- free trade,
- support non-government civil society institutions,
- humanitarian assistance.

Aside from episodes of wartime blockade, trade sanctions may even have a perverse impact on such countries and their neighbours.

13.2 *Conditions for full EU membership.* The established Copenhagen criteria for EU accession regarding political institutions and economic performance should not be changed.

13.3 *Conditions for associate membership.* Government must respect basic rules of democracy and human rights and must be engaged in adequate programmes of reform where necessary (criteria include: positive monitoring assessments of the Council of Europe, elections satisfactory by OSCE monitoring standards, and acceptance of the jurisdiction of the International War Crimes Tribunal). Progress would be modulated by country according to their individual performance.

13.4 *Serbia today.* Since the future of Serbia is central to the region, conditionality towards this country needs to be spelt out more precisely:

- Participation in free trade arrangements should go ahead now without further political conditions.
- Humanitarian assistance, as well as support for independent media, civil society, education and culture should be unconditional but provided in as manner that does not reinforce the authority or prestige of a pariah government.
- All sanctions should be lifted, except for arms and the freezing of the assets in the West of named individuals.
- Reconstruction and infrastructure assistance could begin in cities or regions where the local leadership is taking a stand in favour of radical political change in line with modern European norms.
- Planning work should begin already for investments in vital parts of the network of South-East European transport, energy and communications infrastructures, so major investments can proceed without delay when the political regime is renewed.
- Serbian diaspora: measures should be prepared to encourage the return of key personnel among recent emigrants.
- Public information efforts should show how radical economic and monetary reform programmes (e.g. those of Group 17[2]) could be underwritten by the EU and international financial organisations.

We hope that these conditions will encourage the formation of a fresh interim government, to be followed by elections conducted under OSCE auspices.

13.5 *Montenegro today.* We support the efforts of the democratic leadership in building a new, open and democratic society and believe that it should not become a hostage to the leadership in Belgrade. Economic and social reforms in Montenegro should be encouraged, in particular through participation in the Stability Pact.

[2] See *http://www/ceps.be* for a summary of Group 17's recent book on this subject.

14. *EU integration.*

14.1 *Full Membership.* For existing applicants for full accession to the EU we advocate a clarification of time-tables by the EU. The opening of negotiations for Bulgaria and Romania should be set for 1.1.2000, and the target date for full accession of Slovenia and Hungary should be set for 1.1.2003 (as for other candidates from other regions). The whole enlargement process should be accelerated. However the EU should not be expected to waive its existing criteria for full accession, and so all these countries would have to calibrate, or re-calibrate the speed and intensity of their preparations accordingly.

14.2 *Principles of new associate membership.* We note the EU's acceptance of the need for a new and more powerful form of association. But the outgoing Commission's recent proposals for Stabilisation and Association Agreements are not sufficiently substantial. We support ideas for progressive inclusion into the EU institutions of new associate members as well as accession candidates, such as through participation in consultative bodies of the EU, staff exchanges and elected but non-voting members of the European Parliament etc.[3] This relates also to the interesting 1997 Poettering Report from the European Parliament on a new approach for pre-accession strategies[4].

14.3 *Timing of new associate membership.* Negotiations for new associate membership should begin on 1.1.2000 for Albania and Macedonia in any case. This date could also be possible for Croatia, depending on the new government after the forthcoming elections. It could be possible too for FR Yugoslavia in the event of a swift political regime change in Belgrade. For Bosnia and Herzegovina, a special formula for contractual relations with the EU should be worked out at an early date.

14.4 *From associate to full membership.* This would depend entirely on how far and fast each country was able to progress. Participation in South-East European regional cooperation will be advantageous to all, but must in no way hold back the advance of the most progressive countries in an artificial political grouping.

Ljubljana, 20 July 1999

(signing in personal and independent capacities)

Branislava Alendar, *European Movement in Serbia, Belgrade*
Srboljub Anic, *Group 17, Belgrade*
Fehmi Azermi, *Riinvest Institute for Development Research, Tetovo/Pristina*
Nicolae Chirtoaca, *Euro-Atlantic Center of Moldova, Chisinau*
Ljubomir Cucic, *Europe House Zagreb (EGIDA)*

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[3] For details see CEPS working document 131, *op.cit.*

[4] "*Plea for a new enlargement strategy*", reproduced in CEPS working document 131, *op.cit.*

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***Anelia Damianova**, Centre for Economic Development, Sofia*
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ANNEX 1

I. Principles of Infrastructure Development in SEE

1. Developing complementary (and not alternative) national infrastructure strategies of the SEE countries as part of an integrated infrastructure for the region.

2. Implementing the principle of alternative transport opportunities for each one of the SEE countries in its trade routes to Central and Western Europe.

3. Balanced development of the South – North and the East – West axes of the SEE transportation system.

4. Diversification of energy resources supplies to the SEE countries (oil and gas).

5. Priority linkage of the SEE countries' electricity systems to the European electricity network (UCPTE).

6. Demonopolisation and competitive development of the SEE countries' telecommunications systems.

7. Developing a flexible system of projects investment into the SEE infrastructure involving EU public funds, private investment, concession options, BOT and BOO methods.

II. SEE Infrastructure Projects of Urgent Necessity

A. Constructing two new bridges over the Danube: one between Vidin - Kalafat (Bulgaria – Romania) as part of Corridor # 4 (Dresden – Prague – Vienna – Arad (- Bucharest – Constanta) – Sofia – Thessalonica); and the second between Becket – Oriahovo, *or* Rastu - Lom *or* Turno Magurele –Svistov (Romania – Bulgaria).

B. Constructing 56 km of railroad between the Macedonian town of Kumanovo and the Bulgarian border (Corridor #8 - also known as "East-West" through Bulgaria, Macedonia and Albania) as part of the Macedonian access to Corridor # 4. This would connect Macedonia to Central and Western Europe and give it access to the Black Sea ports.

C. Reconstruction of the main Kosovo highways, connecting: Mitrovica – Pristina – Skopje; Pristina – Nis; Mitrovica – Podgorica; Pristina – Prizren – Durres.

D. Reopening of navigation on the Danube, stopped after the demolition of the bridges in Yugoslavia (Corridor #7 – the so called Danube corridor).

E. Reconstruction of the Yugoslav bridges over the Danube and the destroyed sectors of the Corridor #10 (the so called Trans European Highway) in FR Yugoslavia.

NEIL W. OSTERGREN

'99 JUL 23 PM3:28

July 21, 1999

President Bill Clinton
The White House
Washington, DC

Dear Mr. President:

We have corresponded a number of times over the last five years but our past correspondence has been about your appointment of me as a delegate to the White House Conference on Travel and Tourism and my role in that conference, other activities and programs related to the hospitality industry, the untimely death of Ron Brown, and other issues affecting your administration.

I am writing you today on yet another subject which is to thank you for your public statements on the tragedy of this past weekend. I also want to thank you for the role you have played in the effort now being made to locate the plane and the remains of John Kennedy, Jr, his wife, Carolyn, and her sister, Lauren Bassette.

I did not have the good fortune to know John as you did but I did have the opportunity to speak with him on several occasions regarding the renovation and rededication of Grand Central Terminal which was saved in large part due to the role played by his mother. She led an effort in which I personally was also a bit player in the successful effort to save the building. In our last conversation, John told me again how much he appreciated the support those of us involved in that effort had given his mother. And he knew that several years earlier following his mother's death I had urged the chairman of New York's Metropolitan Transportation Authority to erect a plaque of recognition in her honor.

The country has now lost someone else who was special and we will never know just what John might have accomplished. But we are all better off for his being with us if only for such a short period of time. And I thank you for the gracious words in the statements you have made on behalf of the entire country during this very difficult period not only for the Kennedy and Bessette families but for the rest of us as well..

Cordially,

Neil Ostergren

7/23/99
Send to Burkhardt?
Yes ✓
No

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HSMAI
Past President

NEIL W. OSTERGREN

July 22, 1999

Dear Mr. President:

Further to my letter which was faxed to your office yesterday, I want to thank you for your decision to extend the recovery operation for the Kennedy plane and its occupants by "a few days." If you had not done so, the wreckage and bodies would likely never have been found. It was important that the tragic deaths of John F. Kennedy, Jr., and his wife and sister-in-law, be brought to closure. That is now possible because of your action. As you stated during your press conference yesterday, the fact that John was the son of a former president, and a martyred one, called for as long and complete a recovery search as possible. The Kennedy family has given the country so much over the years but it has also suffered more than many other families and it has paid a heavy price with its losses. Therefore, extending the search by a few days was certainly the correct decision.

I also want to thank you and Mrs. Clinton for representing the American people at the private memorial service for John and Carolyn tomorrow here in New York.

Cordially,

Nl Ostergren

President Bill Clinton
The White House
Washington, DC

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HSMA
Past President

NEIL W. OSTERGREN

2nd Copy

FAX

TO: Betty Currie

FROM: Neil Ostergren

'99 JUL 23 PM3:28

DATE: 7/22

SUBJECT:

Number of Pages (Including Cover Page): 3

Letter follows

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Past President